

THE *Leaf Arnold*  
SYSTEM OF REAL ESTATE INVESTING

REGIONAL  
REAL ESTATE  
INVESTMENT  
CLINIC



## **Legal Information Is Not the Same as Legal Advice**

This book provides information about real estate investing, private money borrowing, lending, and/or brokering. It is designed to help users safely determine their own legal needs. Please understand that legal information is not the same as legal advice. The application of law varies with an individual's specific circumstances. Laws vary from state to state and are in constant change, and although we do everything we can to make sure our information is accurate and useful, we recommend you consult a lawyer if you want professional assurance that this information, and your interpretation of it, is appropriate to your situation.

All rights reserved.

© Copyright 2020 by Secured Investment Corp

All rights reserved. No portion of this book may be reproduced in any manner, mechanical or electronic, without written permission from the publisher, except for brief portions, which may be quoted in articles or reviews.

Printed and bound in the United States.

# Table of Contents

---

## Student Workbook

Aha Moments!	Pg. 5
Welcome & Introduction	Pg. 7
Rule of 56!	Pg. 17
Marketing 101	Pg. 25
Pulling a ListSource List	Pg. 57
Pulling a Dealio.pro List	Pg. 67
Pulling a Bankruptcy List	Pg. 77
Pre-Foreclosure / Auction Lists	Pg. 83

***“If you think education is expensive, try ignorance.”***

*Attributed to both Andy McIntyre & Derek Bok*

Phone Skills	Pg. 103
Dialing for Dollars	Pg. 113
Time Management	Pg. 131
Buying and Selling Strategies	Pg. 149

# Table of Contents

---

Title & Liens / Property Research	Pg. 171
Property Tour	Pg. 183
Writing Offers	Pg. 199
Sample Purchase & Sales Agreements w/ Addendum	Pg. 219
Sample Assignment of Contract Addendum (2)	Pg. 233
Working with COGO	Pg. 237



---

**SUCCESS IS NEITHER MAGICAL NOR MYSTERIOUS.  
SUCCESS IS THE NATURAL CONSEQUENCE OF  
CONSISTENTLY APPLYING BASIC FUNDAMENTALS!**

JIM ROHN

---



# Aha Moments!

---

# Aha Moments!

---



# WELCOME & INTRODUCTION







# Welcome & Introduction

Notes:

## Statement of Purpose

*“We are here to coordinate knowledge and effort, in a spirit of harmony, between two or more people for the attainment of a definite purpose.”*

– Napoleon Hill

- To create an environment where we can collectively learn from each other.
- To provide solutions for each other.
- To operate with an abundance outlook.
- To increase bottom line profitability.
- To build stronger relationships and greater, understanding of our respective talents and necessary collaboration for growth and success.

## Code of Conduct for the Event

The purpose of our time together is to educate you on how to be a profitable real estate investor.

**To that end, the following codes of conduct apply:**

- Please keep your computer microphone on mute unless you are conversing with the host.
- You will respect each speaker during their allotted time, by listening attentively.
- We greatly appreciate your camera being on but please be aware of what is going on in the room around you and what you are doing. Present a professional look when your camera is on!
- At all times, only **ONE (1) person will speak.**
- Be respectful, supportive, and encouraging of your fellow students and instructors.
- Have fun, participate, be an active listener, and share.

## Welcome & Introduction

Notes:

We understand that we're all adults here, however we want everyone involved to get the most out of the day we are together, making these rules absolutely necessary!

### Meet Our Family of Companies:



A private mortgage company that provides real estate investors the necessary capital to finance their projects by bringing together private lenders and borrowers. This is accomplished through several of our divisions and wholly owned subsidiaries. These include COGO Capital -The Private Money Company (the funding arm of Private Money Exchange), Lake City Servicing and The Lee Arnold System of Real Estate Investing. - [SecuredInvestmentCorp.com](http://SecuredInvestmentCorp.com)

### Secured Investment Corp Mission Statement:

*“Reimagining technology to create cutting edge solutions for investors to participate in alternative, secured, high performance investments.”*

## Welcome & Introduction



The education arm of our family of companies where a variety of products and services are available to help real estate investors be successful. Through this system individuals can engage with experienced consultants; participate in several online lead generation systems, for example, Private Money Exchange; and attend in-person, hands-on trainings. Our goal is to attract, and train qualified real estate investors who will borrow through COGO Capital. As investors grow their financial capacity, they then can work with Secured Investment Corp as Private Mortgage Lenders. We call this growth in individuals' financial capacity and competency the "Circle of Wealth". - [LeeArnoldSystem.com](http://LeeArnoldSystem.com)

### The Lee Arnold System of Real Estate Investing Mission Statement:

*"To educate, train and provide access to relationships and products allowing individuals to achieve financial freedom through real estate."*



Notes:

## Welcome & Introduction

Notes:

As the lending arm of the company, COGO works with borrowers to originate, process, and close loans. COGO Capital offers private loan options within most states across the United States. - [CogoCapital.com](http://CogoCapital.com)

**COGO Capital Mission Statement:**

*“To provide no-hassle, asset-backed, real-time private capital to real estate investors.”*



Lake City Servicing is our full-service loan servicing company. It services the loans originated by COGO Capital and is located in our Coeur d'Alene, Idaho corporate office. Lake City Servicing is available to service all third-party loans as well. -

[LakeCityServicing.com](http://LakeCityServicing.com)

**Lake City Servicing Mission Statement:**

*“Lake City Servicing is a comprehensive real estate loan servicing company for investors holding real estate notes for non-owner occupied residential and commercial property.”*

## Welcome & Introduction

---



Arnold Professional Holdings is the premier rehab arm of the company. Here is where we practice what we preach. APH buys and flips properties throughout the Spokane, WA. market.

The company has a construction crew and specializes in Spokane, WA. This company has a main office and warehouse located in Spokane, WA. This is by design to allow both personnel resources and physical resources to be closer to our real estate market.



At He's the Solution Ministries our goal is to honor God in everything we do. We strive to allow our faith to be something that others can witness in our everyday lives. We endeavor to be more like Christ daily and encourage others along the way. We want to encourage you in your daily walk to show your faith, and to be BOLD in the workplace.

To this end He's the Solution Ministries sponsors an optional, non-denominational worship service at all events that last through a Sunday. The services start at 7:45am and ends around 9:15am. All students as

Notes:

# Welcome & Introduction

---

Notes:

well as the public are invited and encouraged to attend.

We also provide encouragement, support, and resources for those seeking a BOLD FAITH in the workplace. We hold weekly services via a conference call at 6:45am PT so that you can be a part of a worship service every Sunday morning no matter where you are located. The number is (605) 313-4821, and pass code number is, 866541# –

**[Hesthesolution.com](http://Hesthesolution.com)**

## **Our Motto:**

*EQUIPPING CHRISTIAN BUSINESS LEADERS FOR  
BOLD FAITH IN THE WORKPLACE!*

## **Theme Scripture Verse:**

*In Him we have Boldness & Confident  
Access Through Faith in Him.  
- Ephesians 3:12 HCSB*

## **Our Company Wide Slogan:**

*“We get more of what we want, by helping  
others get more of what they want.”*

*- Lee Arnold, CEO*

## **Circle of Wealth Philosophy:**

The Circle of Wealth is at the center of everything we do here at Lee Arnold System. It is also your road

# Welcome & Introduction

map for how each division of our company can help you gain financial independence and passive income.

The Circle of Wealth has four stages. You can enter the circle at any stage and can go back and forth between stages as desired. Typically, people enter in at the training level and borrow funds for their real estate investments. They eventually become lenders, helping others obtain the capital needed to grow their real estate portfolios. This allows everyone, on every side, to succeed.

Ultimately, the Circle of Wealth allows you the financial independence and wealth building that you seek.

Notes:



# Welcome & Introduction

---

Notes:



THE  
**Leaf Arnold**  
SYSTEM OF REAL ESTATE INVESTING

# RULE OF 56!





## Rule of 56!

### **RULE OF 56**

- **Make twenty-five (25) phone calls a week to prospective property sellers identified through the curriculum.**
- **Send twenty-five (25) marketing pieces a week to prospective property sellers.**
- **Write four (4) offers per week on properties that when accepted would be a good investment opportunity.**
- **Conduct two (2) networking appointments per week.**

Notes:

# Rule of 56!

Notes:

## Foundational Marketing

The Rule of 56 is the bedrock of your marketing campaign as a real estate investor. You must be willing to commit time, energy, and finances to this weekly part of your business if you want to be successful in real estate. It represents the minimum you should be doing if you are going to be serious about being in this business.

Simply put the Rule of 56 is:

**25 Marketing Pieces:** Whether you are mailing yellow-letters, postcards, The TurnKey Marketing Letter, or other marketing pieces, you must be sending out a minimum of 25 a week to prospective property sellers. This is a non-negotiable! If you do not have time to do this then you need to re-evaluate your priorities or buy the time by hiring someone to do it for you.

This is not a one-and-done initiative. If you are going to do this right, you must be committed to the long haul. Marketing research tells us that it takes an average of 6 contacts to make a sale. Each marketing piece you send counts as one. Realize now that, in most cases, you be sending multiple pieces of mail to each address as well as following up with other forms of contact.

Do not make this harder than it should be. Don't over think it! Far too many people think this is a complicated endeavor when it really is not. Pull the

## Rule of 56!

marketing list, write the letters, send the mail, track your progress – that's it. JUST DO IT!

**Make 25 phone calls:** These calls should be to prospective property sellers. Ideally you will be following up on your mail campaign, but you can cold call potential sellers if it is warranted. Use a script the first few times you do this. This will make it easier to get started and help you to stay focused during your call. Use a script until you get comfortable with it. Just remember, it is highly unlikely you will be closing the deal on the first call so relax, get to know the seller, find out as much information about him or her and about the property that you can. Make sure you set an appointment for a follow-up call.

DO NOT be the talkative one in this relationship. You want to control the conversation, but you must let the seller do most of the talking. Your job is to ask questions, a lot of questions! Get to know your seller. What is their motivation to sell? Build trust in the relationship. This takes time. Do not rush it.

Your goal in this first phone call is two-fold:

1. **Gage the motivational level of the seller.** – Generally speaking, good investment deals require a motivated seller. There must be a reason someone is willing to sell at a discount. The condition of the property, a need for cash now, or a desire to get out from under the burden of home ownership may all play into the seller's motivation. Whatever the reason is, you need to attempt to find this out and gage the level of urgency.

Notes:

## Rule of 56!

Notes:

### 2. **Set an appointment for your next meeting**

(phone or in person.) – This is not the time to negotiate price or terms of the sale. Let the owner know you are willing to make an AS-IS offer. They are not required to do anything to the property before they get their money. Beyond this, simply say, “let me do some research and when we meet, we can discuss what I am able to do for you.” Set the appointment according to your schedule. Do not allow them to dictate when you meet. This simple negotiation of when to meet will set the tone for further negotiation on price and terms.

**Write 4 Offers:** This must be done weekly. All your offers should be written so that, when accepted, they will be a good investment opportunity for you. Do not worry about them not being accepted. Just write them!

If all your offers, or most of your offers are being accepted, you are doing something wrong...your offering too much! If you do this correctly, the averages say only about 1 in ten offers that you write will be accepted. This does not mean that you will close on them, just that it will be accepted. This is a numbers game. The more offers you write, the more offers that get accepted and the more deals you close.

**Conduct 2 Networking Appointments:** A networking appointment is any meeting that has the specific intent to grow or furthering your business. These appointments or meetings can be with individuals, small or large groups. The key to it being a networking event is your intent for the meeting. (and your follow through with that intent!) If you have a goal of meeting to grow your business and you keep to this goal, then you are networking appropriately. Schedule these meetings

## Rule of 56!

with realtors, title company representatives, or contractors. Attend REI Club meetings or the like. Better yet, be a presenter at your local real estate meeting or even start your own club!

Do not shortchange your business on this one. Far too many people plan appointments or go to meetings but talk about everything else but business. You must keep the main thing the main thing. When you plan a networking appointment, make sure you ask the question, "How can we make money together?" Build rapport, but make sure you get to the business of talking about your business!

## Rule of 56 Warning!

Being a real estate investor is a numbers game. If you are going to make money you must close deals. If you are going to close deals you must write offers. If you are going to write offers you must market to find properties to write offers. This being said, DO NOT EVER STOP MARKETING! When you stop the rule of 56 you put an end to making money. When you do finally decide to get the marketing going again, you will find that you have lost momentum, wasting valuable time trying to get your synergy back.

If you struggle keeping up with the rule of 56 then you need to get some help. Do not be afraid to multiply your efforts by investing in an assistant. It is ok to find creative ways to compensate your new assistant. The bottom line is that if you cannot keep up with the rule of 56, get help. Do not just quit.

Notes:

## Rule of 56!

Notes:

Make sure you are committed to multiple contacts. The system works if you committed to work the system. It will take multiple contacts to get the results you want. Marketing research tells us it takes an average of 6 touches to complete a sale. This means you will be sending multiple letters and making multiple phone calls to your marketing list.

Negotiations take time. Do not rush it. You should expect to meet several times before reaching a final agreement. The initial signed purchase and sales agreement is the start of the negotiation not the end of it! It is not uncommon to have two, three or even four addendum changing terms and price of a deal.





# MARKETING 101





# Marketing 101

## What is Marketing?

Marketing is essential to every business. It is the method by which a business introduces itself to potential clients, lets them know that they exist, and tells them about the services or products they offer. Advertisements are everywhere you look. Some may be blatant, others are more subtle. Either way, they're intended to make you remember.

Let's say it's your mother's birthday and once again you've forgotten. You rush to the department store in search of a gift. At the perfume counter, you see hundreds of choices. You have no idea of their individual fragrances or their cost, and have never heard of most of them. More likely than not, you'll walk out of the store with the one that you've heard of and recognize. That's the effect of marketing.

Likewise, you chose the supermarket where you shop, the brand of gas you use, and even the credit card you use to purchase these things because of their marketing.

Effective marketing can grow a small business into a multi-million-dollar corporation. Many large companies started out as small one- or two-person enterprises. Through many types of marketing, their companies grew. The amount of money spent annually on marketing is phenomenal.

The use of effective marketing can take a lot of work off your shoulders. With Real Estate investing, the right advertising could get people to come to you. But how do you know which marketing method to use?

Notes:

# Marketing 101

Notes:

How do you determine what's affordable? How do you know what will work?

## **Determining Your Market**

Cost is an important factor in marketing. It affects the type of marketing you can do, as well as the quality and quantity of marketing. Most small businesses cannot afford to hire an advertising firm. Instead, they must rely on themselves and stay within their budget as they build their client base.

Some marketing methods can be very costly and their results are not guaranteed! They can be risky, but when they work the payoff can be HUGE! When you begin, you don't have the budget for such marketing. You have a limited budget, so you'll want to consider less expensive, proven marketing techniques. Some marketing is even free!

Free advertising is one of the most effective ways to build your business. I'm referring to word-of-mouth. Of course, you must get someone to start talking about you before word-of-mouth can take off, so you must start with basic marketing.

To decide which type of marketing to use, first determine your target market. Then, lay out the costs of each type of marketing (in time as well as money) and the time each will take to produce results.

Before starting any marketing, think seriously about your target market. If you don't know who you're trying to reach and where to reach them, how can you market to them? How can you imagine what they'll respond to?

# Marketing 101

---

If you're going to place an ad in the paper advertising your services to people in foreclosure, what section would you put it in? Wouldn't you put it in the rental section? If someone is about to lose their home, what's their priority? Finding a new place to live! (What else!) If they can't afford their current home, they most likely can't afford to buy another one, nor will they be able to get financing for a new home. Their only alternative is to rent – so they'll be looking at the rental listings!

The key to successful marketing is to THINK!

It's not about how much money you have, or how well you can craft a letter, it's about putting your advertisement in the right place, in front of the right people, and getting them to look at it. The point is to get them to remember you.

## Testing the Market

One thing every wise advertising company and business does is test the market.

Every marketing trial includes actual marketing. The more marketing you've done, the more you learn about the market. Advertising executives, for example, have a great deal of knowledge of what works in their target market and what doesn't. The results of past attempts have created their expertise. For example, they know that the colors red and yellow stimulate hunger. Pay attention to restaurant commercials and count how many of them use red and yellow versus how many don't. For instance, McDonald's is famous for its

Notes:

# Marketing 101

Notes:

golden arches – but what other color is used with the bright yellow? Red, of course!

Rather than limiting yourself to one method, try (test) different ideas. Do red envelopes generate a better response than white? Are hand-addressed envelopes better than using printed labels? Does using a script font in a computer-printed address work better than the standard type?

Only rarely does a first marketing attempt take off. You may get some response, but not the volume, or perhaps not the clientele, you were searching for. Some first endeavors do turn out to be fantastically successful, but if you're betting on that you could be disappointed.

The only way to determine what works best is to test. Send out the same number of red envelopes as you do white, with NO OTHER DIFFERENCES! If you use handwritten addresses on the red envelopes, hand-address the white ones as well. If you use American flag stamps on white, use them on the red. That way you know that no other factors may have caused a difference in your response rates.

This applies to much more than just the color of the envelope. It applies to your entire marketing strategy. For instance, when you approach the door of someone in foreclosure (yes, how you present yourself is considered marketing), you could dress businesslike or casually. You may go alone or have a partner with you. You may carry a briefcase or be empty-handed (except for your business cards, of course!). All these little details could make a difference in how you and your marketing are received.

# Marketing 101

---

## Types of Marketing

There are many varieties of marketing. Don't be trapped into thinking you can only do letter, follow-up calls, and knocking on doors. While these are the basis of any good Real Estate marketing endeavor, there are many more opportunities to explore.

### Letters, Envelopes, and Follow-Up Calls

Before we discuss other marketing ideas and strategies, let's first go over letters, envelopes and follow-up calls. The reason these are so essential is because they are direct marketing.

By mailing and calling only people who can benefit directly from your services, you're narrowing your market, cutting out the waste. You don't want to send a letter to everyone in the world because most of them are not your target client. It's a waste of your time, energy, and money. However, by getting a letter in front of a person in foreclosure, who needs your help, and calling them so they don't have to make an effort to call you, you are more likely to get them to respond and use your services than if you just wished they knew about you. (Wishful marketing doesn't work, for some strange reason....)

In your letter, be brief. The purpose of the letter is to get them to call you. By telling them exactly what you do and how you do it, you're educating them, but that won't necessarily get them intrigued. It's a bit of a teaser. Let them know what you can do for them and then ask them to call you. State your points clearly and

Notes:

# Marketing 101

Notes:

concisely. Use bold font or bullet-point (or both) the reasons why you can help them. Signing the letter adds a personal touch and putting their name at the top so they can see that it is clearly meant for them is also a good idea. If you were in foreclosure and opened an envelope to find a letter which opened with “Dear Mr. and Mrs. Jones,” wouldn’t you be more likely to respond than if it said, “Dear Person in Foreclosure,” or “Dear Homeowner,”?

The envelope, as we’ve already discussed, is the first introduction. It is their first impression of you, and we all know how important first impressions can be. It is important that it be designed to encourage them to open the letter. Many different things will work and some things have more success in different areas. This is something you will have to determine through your market tests. Different colors of envelopes, different stamps (perhaps a flag works better than a heart or flowers), computer printed or typed envelopes vs. handwritten, return address or no return address, your company name or your personal name, all can influence whether your letter is opened and read or tossed in the wastebasket unopened.

A follow-up call does two important things. The first is that it gives you direct contact with the people you’re trying to reach. The second is that it lets you know whether your marketing is working. You must do a follow-up call! Even better, do a follow-up visit!

However, because people in foreclosure are being hassled by others trying to collect their money (if someone is in foreclosure, there are usually other bills they haven’t been paying), many of these marketing attempts may go ignored. That’s where these other



# Marketing 101

---

marketing strategies come into play. When people are looking for something, they're open to it, so the trick is to get your marketing in front of them when they're looking for you.

## **Business Cards**

These are vital to your business. While people may throw away letters, they're less likely to throw away business cards. You can hand them out to people you encounter, do business with, or market to. Including a business card in a letter gives it an added thickness, which triggers their curiosity and helps in getting your letter opened. The simple presence of a business card with the letter may make you appear more professional, more real, and more able to help.

Business cards can be plain and simple or they can be ornate. They should reflect your personality and your business. If you're going for a personable, helpful business image, you may consider adding something to your card that stands out, perhaps a picture of yourself. If you're trying to get people to think about money, a green business card, or a picture of money on the card might do the trick. If you're straightforward with no frills, a simple black and white business card with your contact information will suffice. It's up to you, but business cards are a necessary item for any business.

## **Newspaper Ads**

The first thing you must decide is what you want to say in your ad. This can be affected by your budget and the price per line at the publication you choose to use. Your ad can range from a quick three-liner (usually the minimum for most ads) to a quarter page ad. Most newspapers give you a few options on how

Notes:

# Marketing 101

Notes:

your ad will be displayed. You can pay for a larger ad space, or you can purchase a small ad in the classified section.

An ad that reads, "In Foreclosure? Don't Lose Your Home! Call (555) 555-5555" could be all that is needed to get the appropriate people to contact you.

If you want to get a little bit more elaborate, you could add the points you think make your business stand out. The ad could look like this:

IN FORECLOSURE?  
Stay in Your Home  
Lower Your Payments  
Increase Your Equity  
Avoid Bankruptcy  
Preserve Your Credit  
Call  
*Second Chance Investments*  
TODAY!  
(555) 555-5555

The second thing to consider is where you're going to place these ads. Which newspapers and which sections? As I've discussed before, the rental section is a good place to start. Thinking like someone in foreclosure is an excellent way to figure out where to place these ads. Maybe the person in foreclosure would check out current prices on homes in their area to see whether they could sell their home quickly. As they scan these ads, they see an ad stating that they can save their home. Maybe they'd look through the mortgage section to see if anyone has easy qualifications for a refinance. Perhaps they're looking

# Marketing 101

---

for an attorney. Try these in addition to an ad in the rental section.

Do you want to use the larger publications or a small local paper? People tend to respond to people they feel they can relate to, and smaller papers lend to give a community feel to those who read them. That may be your best bet – and they're cheaper. Using both is best, if you have the budget.

Hint: Placing an ad, making copies of your ad, and mailing the copies to your direct contact list ensures that those people see your newspaper ad. Attaching a note, maybe a sticky note, saying: "Thought this might be helpful. John" could make them feel as if it's from a friend. I'm sure everyone knows someone name John. Just make sure you don't include a return address on those mailings. The ad itself provides contact information.

## **Postcards**

Some people won't bother to open their mail or answer their phone. A postcard is a quick way to grab their attention, effortlessly. They have to look at the postcard before throwing it away, so if you have a message that grabs their interest, they may not throw it away, and will call you instead. If they haven't responded to your first mailing, or your phone calls, and they didn't answer their door, why not send a follow-up postcard, just in case they haven't seen what you can do for them. It should be similar to your letter, but condensed. The important items should be in bold print.

## **Flyers**

Notes:

# Marketing 101

Notes:

I'm sure you have seen flyers and/or signs posted around your neighborhood. Which ones catch your attention? Big yellow signs with black print draw the most attention. Placing signs on lampposts or street signs (make sure your city allows this) and flyers in every place you can think of, can also help to make sure people know about you. Grocery stores, post offices and community bulletin boards are obvious places for your flyers, so start there. Be sure you ask permission of each business and ask where you can place your materials. Don't rule out other more direct places, such as the offices or waiting rooms for attorneys, credit counselors, banks, mortgage companies or even the courthouse, if they allow it.

## **Bankruptcy Attorneys**

Usually, attorneys do not fall into the referral fee category, but in this instance, they might. By referring business your way, they may be losing some billable hours in their bankruptcy business. You may want to compensate them for this loss by providing a referral fee. If they are overworked, or just plain smart, they'll know that getting cash for a referral that takes only a minute is better than working for hours and billing someone who is about to clear their debts. Other types of attorneys may be helpful as well, including probate and divorce attorneys. Many cases of foreclosure may be triggered by one of the events that make these attorneys' practices profitable.

## **Credit Counselors**

Once in foreclosure, many people are turned down for obtaining financing to pay off their debts. Many times, they are struggling to pay off other debts, as well. Credit counselors are sought out in the hopes that they can help restructure some payments,

# Marketing 101

whether to the bank which owns the mortgage in default, or credit card companies, etc. If the counselors can help them, it's often not to the level where they can save their home – and that is where you come in. Credit counselors look like heroes if they can help with the smaller credit problems and refer for the larger ones. You look like a hero as well, for you can do what even the credit counselors couldn't.

## **Banks, Bankers, and Mortgage Companies**

Quite often, banks and mortgage companies are approached by people in foreclosure, hoping to obtain a loan to pay off their debts. More often than not, the banks are forced to turn them down. By having a good relationship with bankers and mortgage lenders, perhaps even providing a referral fee, these people can be given another opportunity instead of just being turned down. The bank looks good because they're no longer saying "No." They're saying, "Try this!"

You look good because you can do what the banks can't. If clients have contacted banks in the hopes of saving their home, you already know they are trying to get out of their situation rather than hoping it will all go away. Having the bank refer them to you is effective because they can continue in their efforts to stay in their home, and they probably will if they have already tried the banks. Referrals from these sources are solid leads.

## **Radio Ads**

Radio reaches a large audience. Even though most of those people are not in foreclosure, it's possible that a relative is, or they know a friend who's having financial problems. Placing a quick ad on the radio is a good way of getting the message out there

Notes:

# Marketing 101

Notes:

and a great way of creating name recognition. It's cheaper than TV ads.

I suggest that you try a community-based station, not one of the major network stations. Community-based radio, by definition, is focused on the community, and they're always happy to have services that help people.

Another possibility, which could be free, is a radio interview. Getting your voice on the radio, talking about how you want to help people, is one of the best ways of getting someone to listen to your message.

The pros and cons of a radio ad versus a radio interview are numerous. While an ad costs money, it is played numerous times. A radio interview may only air once, but it is usually free and, as like an ad, it usually includes a reference about how to contact you. Many people tune out commercials, or change the station but for an interview, they tend to stay tuned and listen.

## **Creating a Foreclosure Support Group**

People in foreclosure may want to speak with others in foreclosure to find out what they're doing and how they're handling it, as well as all the reasons they got there in the first place.

Providing a forum for this type of discussion could bring people to you. They can talk with one another, and you can provide them with an option to get out of their dilemma. They will be open to your suggestions, open to each other and, if one person signs up to let you help them, other people will follow suit. It's a good idea to have a speaker of some sort, perhaps

## Marketing 101

someone who has been through foreclosure (maybe a previous client you helped) and use a group discussion format. Or, you can be the support group yourself. By using the term “support”, people will respond with curiosity instead of skepticism as they might to other forms of marketing.

### Car Wraps

You have seen them. People who use their vehicle to advertise. The big question is do they work? Well if you can remember one that you have seen then the answer to the question is – YES!

The trick to a good wrap is to make it big! Make it bold! Make it stand out! ...and use the vehicle all the time!

Check out these examples. The “We Buy and Sell Houses” trailer is used by Dana Klafft, one of Lee’s expert Consultants. He receives multiple leads every month directly from this one marketing source.



The COGO cargo van is used by Lee’s construction crew in the Spokane, WA area. This van was directly responsible for three property purchases during its first six months of use! These properties were fixed and flipped for a significant profit.

Notes:

# Marketing 101

Notes:



The COGO 15-passenger van is the newest edition to Lee's fleet of wrapped vehicles. It promises to pull in the leads as well.



## **P.S. – I Buy Houses...**

Here is an easy and FREE form of marketing that has proven results. At the bottom of your email signature add a P.S. that states, **"I BUY HOUSES! ANY CONDITION! ANY TIME! ANY PLACE! - Call me to discuss the possibilities."**

Remember that this is a tool to start a discussion. You do not have to buy every house that someone calls you about. If you are concerned about who the message goes to then just be selective on when you send it out or adjust the message to meet your liking.

A great strategy for using this particular marketing tool is to search out estate sales online. It is very



# Marketing 101

typical for family members to have a sale to liquidate of all the house hold goods after a loved one dies but not know what they want to do with the house yet. It can be awkward to call with an inquiry about buying the house so what options do you have? How about sending an email to ask about something, anything at the estate sale and then include the P.S. Now you have made the inquiry without running the risk of offending a family member whose emotions are still too raw to talk about it.

## Referrals

Referrals are one of the best marketing tools, but when should you pay for them? There is a simple rule for this. If the person who refers someone to you is already getting paid for doing the work of that referral, there is no need to pay out a referral fee. In many instances, it can constitute a conflict of interest. For instance, an attorney will probably bill the time he spent with you or the time he spent with his client regarding the referral. He is getting paid for that time, so that would be an area where you wouldn't want to offer a referral fee.

If a person is not getting paid for that referral, perhaps a mortgage broker who has to turn someone down for a refinance, then you'd want to offer that person a referral fee if the deal closes.

Referral fees may appear to cut into your profit, but you wouldn't have any profit at all without those referrals.

## Craig's List

Notes:

# Marketing 101

Notes:

We are going to use Craig's List in two ways. First, we are going to post ads to solicit Leads and then we are going to call on FSBO leads.

Post ads.

If you are an agent you will need to include a clause that reads something like this – "I am a Licensed agent with Keller Williams Spokane, but am not soliciting you for a listing. If your house is already listed with an agent, please have them call me directly so I can purchase the property through them."

Example #1:

**We Buy Houses "AS\_IS" No agent fees,  
we pay the closing costs!**

We buy Houses "AS\_IS" No agent fees, we pay the closing costs.

Call Lee \_\_\_\_\_

No matter your situation, No matter the condition of your house, we want to buy it! We are not real estate brokers, we are real estate investors which means we pay CASH, we close FAST we don't charge commissions or fees, we pay a fair price and we handle ALL the paperwork!

Call Lee \_\_\_\_\_

- We will ask you a few simple questions over the phone
- We will arrange a time to view the property.
- We will give you a no-obligation, cash offer. No repairs needed.
- When you accept – we will buy your house quickly and hassle free.

# Marketing 101

Call Lee TODAY - \_\_\_\_\_

Example #2:

**WE NEED HOUSES!!!!!!**

## **We Buy Houses!**

Do you need to sell? We need to buy!! We are looking for houses to purchase quickly. It doesn't matter your situation. If you need the quick cash, if you're behind on payments, or if it's in probate.

Contact us today and we will help!!!

Call Lee \_\_\_\_\_

Call FSBOs – Set appointments

Calling on FSBO leads are the easiest to get started on. These people want you to buy their house! They want to talk to you so call them and practice talking to sellers! Use a lead sheet when you talk to them. Make sure you are calling true FSBOs and not agents.

## **The Beauty of Marketing**

Marketing can bring you all the business you can handle, rather than you chasing it down. It can bring you from non-existent to flourishing. The best form of marketing is word-of-mouth. Anything you can do to get that engine running is well worth the effort.

Treating your clients well and with respect, doing a good job, developing relationships with professionals who will encounter your desired clientele – all of these are exceptional ways of getting your name out there.

Notes:

# Marketing 101

Notes:

Once you have completed a transaction with your client, ask for a testimonial, as well as for referrals.

Of course, indirect marketing has an equally positive effect. When people are looking for solutions, you want to have them see you. Flyers, networking, newspaper ads, etc. are good ways to invite clients to call you. The more you can get the clients to come to you, the more time you will have to negotiate with the banks and streamline your system.

Last, but definitely not least, direct marketing can be your key to successful Real Estate investing. Having the right letter and the right format can increase your business tenfold! Spending time on marketing, and keeping your marketing engine running, are valuable tools that must not be ignored.

## **Locate Prospects - Find deals**

### **Finding Deals**

- Driving for Dollars – As you drive a community, look for homes that stand out in a bad way. Keep an eye open for homes that have been tagged for code compliance issues. The tag is your sign to act quickly because this is a hot prospect! (Call these right away.) Other homes to look for are those that are obviously empty, yards not kept, no pride of ownership, etc...
- ✓ Look up owners of these ugly houses – determine if they are owner occupied or absentee owner
- ✓ Map out your findings – atlas – grid

# Marketing 101

- ✓ Use the addresses of the property owners to begin a Direct Mail campaign
- ✓ Vacant property? – Use a Skip Trace service and/or talk with neighbors to gather info about the property
- Bird dogs
  - ✓ Put your address book to work. Let everyone know that you are buying and will pay a fee.
- MLS - You will need a Local Agent. Ask them to send you:
  - ✓ REOs
  - ✓ 140 + days on market
  - ✓ Expired listing

Notes:

## Generating Leads

When it comes to generating leads there are no substitutes. You must engage in some form of marketing. Chances are you will want to use several marketing strategies. The next section will cover the 6 M's of Marketing:

- |           |                 |
|-----------|-----------------|
| ✓ Market  | ❖ Multiple Hits |
| ✓ Message | ❖ Months        |
| ✓ Media   | ❖ Money         |

## The 6 M's of Marketing - generating leads

### #1 MARKET:

#### Picking the ideal farm areas - Geographic market selection

- Driving around neighborhoods
- Older neighborhoods built in the 1950's, 60's or 70's

# Marketing 101

Notes:

- ✓ Usually very run-down areas but not war zones.
- Most of the homes will need some type of repair
  - ✓ Roofs need fixing
  - ✓ Fences falling down
  - ✓ Landscaping is in desperate need
  - ✓ Blinds falling off windows
  - ✓ Sheets up for blinds, etc.
- Find 3 or 4 of these older neighborhoods if possible and rotate your marketing between them
- Demographics to look for in your target areas:
  - ✓ Late pays
  - ✓ Absentee owners
  - ✓ Free and clear
  - ✓ Existing loans with good equity
  - ✓ Pre-foreclosures

## **Where to get demographic lists**

- Your title company can help you:
  - ✓ By geographic area
  - ✓ Pre-foreclosure list
    - § County
    - § Section of the state
    - § Monthly fee
  - ✓ Free and clear
  - ✓ Saturation or occupant lists
  - ✓ Bankruptcy information
- InfoUSA.com – Create a customized marketing list.
  - ✓ Example: \$300 = 2,700 names

# Marketing 101

- Salesgenie.com – Simplified Marketing tools for direct mail campaigns, email marketing and data enhancement.
  - ✓ Monthly fee
- MelissaData.com – A provider of data quality and address management solutions. Specializes in data quality software, Cloud services and data integration components to verify, standardize, consolidate, enhance, and update global contact data.
- **Listsourced.com** - Build Your Local or National Marketing Lead List with Fresh and Precise Property and Homeowner Information – **this is what we use most often at SIC.**
- RealQuest.com – anything and everything real estate. It's an all-encompassing property and ownership search engine.
  - ✓ Comparables (Real Estate Sales Value)
  - ✓ Maps
    - § 5,000 names per month and comparables \$175
    - § Map out an intersection
    - § Pull up a map of that area.
    - § Draw a rectangle around the area or a radius from the intersection
    - § Put in the search filters
    - § Tells how many houses meet the criteria in that area
  - ✓ Results based on available tax assessor data
  - ✓ Download them into a spreadsheet.
    - § You can get really targeted into an area.
  - ✓ If there aren't enough houses, increase search or try a different area

**Property demographics to use:**

Notes:

# Marketing 101

Notes:

- Over 1,000 square feet
  - 3 bedrooms, 1.5 baths
  - Median price range and below
  - Owned 5 years or more
  - Depends on what your buyers list is looking for
    - ✓ Some buyers may buy 2/1's but not many
    - ✓ In my farm areas 1.5 baths is the norm and buyers know that.
    - ✓ Consider what is the norm for your area.
- Sometimes, but not often, most all the homes in an area will meet your demographics so you can go geographic marketing or saturation mailings

## #2 & #3 MEDIA & MESSAGE

### What to mail:

- NOTICE postcard
- 2 step USPS postcard
- Personalized post card
- Out-Of-State Owner Advocate Letter
- Yellow letters?
  - ✓ Long
  - ✓ Brief

### Yellow Letter # 1

DATE

Dear OWNER NAME,

My name is YOUR NAME HERE. I am a real estate investor, interested in purchasing your property located at PROPERTY ADDRESS, PROPERTY CITY, PROPERTY STATE, ZIP.



# Marketing 101

I have all cash, and can close in 3 – 7 days. Please contact me directly at YOUR PHONE # HERE or via email at YOUR EMAIL HERE.

Yours in Success,

YOUR NAME HERE  
Real Estate Investor

Notes:

## Yellow Letter # 2

DATE

Dear \_\_\_\_\_ ,

Hello, my name is Lee Arnold. I am writing you a **SECOND TIME** regarding your property located at \_\_\_\_\_. To date I have still not heard from you and am still, very much interested in purchasing this property. As a point of clarification, I am a real estate investor. I have been buying, fixing and selling real estate for an anticipated profit for the last 22 years. What that means to you is a professional, **no hassle** selling experience, to an *all cash buyer*, who can close in a very short period of time. That means **cash, in your pocket, in as little as 7 days**, (Depending on how quickly you respond).

If you are not interested in selling at this time, that is fine. All I ask is that you provide me the professional courtesy of an email simply saying, "I Am Not Interested", and I will remove you from my prospective seller list.

# Marketing 101

Notes:

If you aren't sure if you are interested, but curious, shoot me an email or give me a call and I will provide you with an all cash offer within 48 hours of your inquiry. I can assure you that my offer will be **below the Current "Fair Market Value"**, however, I will purchase the property, "**AS IS**". Meaning, **you don't have to fix a thing**. I will buy it as it sits. **You don't need to clean it, paint it, fix that hole in the sheet rock, sweep the sidewalks, or mow the lawn. I will take it, AS IT SITS.** (mold, sagging roof, unruly tenant you can't evict, meth labs, major cosmetic challenges, old, major deferred maintenance, you live out of state? (All Fine, AS IS, means, AS IS!!)

Please send me an email either way, letting me know your desired direction to YOUR EMAIL HERE, or call me directly on my cell at YOUR PHONE NUMBER HERE.

I am confident you will enjoy working with me and my company on the sale of this property. I look forward to hearing from you even if it is to simply say, "Go Pound Sand, I ain't Selling"!!!

Thank you in Advance,

Lee Arnold

PS – I need to close on at least three properties this week, so please call me ASAP at YOUR PHONE NUMBER HERE if you need cash as quickly as I need good properties.

# Marketing 101

## #4 & #5 MULTIPLE HITS & MONTHS

- How often to mail:
- Include one or two of these areas in your marketing plan each month
- Break it up into 2 or 3 mailings, hitting one area each month, if there are a lot of names in one area
- Hit an area once a quarter, 4 times a year
- For more deals, hit them every 2 months
- For hot areas where a lot of houses are going into foreclosures, hit every month.
  - ✓ List of foreclosure zip codes
  - ✓ Select areas by mapping
- You want to keep your name in front of them
- Sometimes the first mailing doesn't get a great response so consider hitting them every other month to get your name known to them
  - ✓ When your response rate goes up, hit quarterly

## #6 MONEY

You must be willing to spend money on your marketing! How much do you spend to get deals? Remember that one wholesale deal should get you \$5,000 to \$15,000 each and one flip should return 15% to 20% of your final sales figure – so on a \$100,000 flip you should make \$20,000. So, what should you be spending?

- Target \$500- \$1,000 per month to start
- To fulfill the minimum of the Rule of 56:
  - ✓ 100 to 125 pieces of mail a month
  - ✓ \$49 to \$61.25.

Notes:

# Marketing 101

Notes:

## **Benefits of Direct Mail**

### **Cost Effective**

- Allows you to hit ideal prospects multiple times so you hit the right person at the right time
- The market is a moving parade
- Circumstances change with time
- Creates more credibility than a single hit
- Increase in response after 4 or 5 hits
- Creates trickle in response
- Marketing pieces will hang around
- Creates future response potential

### **Controllable**

- Turn direct mail on or off based on:
  - ✓ Your capacity to handle the leads
  - ✓ Your goals
- You can choose mail drop dates
- Expand a successful test so that you mail more of what's working best
- Drop bad tests and redirect efforts for maximum results

### **Scalable**

- Stay small if needed
- As you develop people, processes and systems
- As you move away from another business or career
- Increase as desired
- Quickly crank up as needed
- Limited only by
  - ✓ Your capacity to handle the leads
  - ✓ The geographic farm areas you select

# Marketing 101

---

## **Focused & Targeted**

### **Attract Better Deals**

“I can buy all the houses I want but can’t sell them”

- If it is hard to sell or occupy then it’s not a deal
- Target more saleable properties
- Buy with better price and terms

### **Reduced Waste**

Hit homeowners that meet your criteria

- Avoid non-owners of real estate

### **Avoid Unqualified Properties**

- Deselect property types
- Stay only in geographic areas you want to own in or flip houses.

## **Stealth**

- Competitors will not know what you are doing
- Ads may bring leads from a competitive environment
- Few people will ever know how much you are mailing

## **Easy to Personalize**

- Always increases response
- Grabs more attention

## **Less Competition**

- Unlike classified ads or yellow pages
- Unlikely anyone else will hit the same list at the same time
- Typically, too much work for other investors

Notes:

# Marketing 101

Notes:

## Reliable

- You can expect first class mail to be delivered unlike managing contractors to post flyers or signs

## Direct Mail Marketing Campaigns

Now that you know the benefits of direct mail marketing, (read above) here are some lists that you can use for your mailings.

## Seller Campaigns

1. **Out of State Owner High Equity** – This is the list you were instructed to pull during the first call/webinar. Targets current rental inventory in your area owned by an out-of-state owner.
2. **Free and Clear** - This list targets home owners who have been a long-time resident at their house and are also over a certain age (ex. 50+ years old).
3. **Out of Area** - This list targets home owners that have a different mailing address from the property address.
4. **Expired Listings** - You must have access to the MLS and be able to get expired listings in spreadsheet format.
5. **Geographic** - This list is targeted just by location (County, City, Zip Code).
6. **60-90 Day Lates** - This is a Monthly Mailing and goes out on approximately the 10th day of each month. Additions or cancellations to this

## Marketing 101

campaign MUST be received on or before the 1st day of each month for the current month.

7. **Pre-Foreclosure 21** - The following states will use the 21-day Pre-Foreclosure Mail Delivery Cycle: Texas
8. **Pre-Foreclosure 30** - The following states will use the 30-day Pre-Foreclosure Mail Delivery Cycle: Georgia
9. **Pre-Foreclosure 45** - The following states will use the 45-day Pre-Foreclosure Mail Delivery Cycle: District of Columbia, Maryland, Missouri, Rhode Island, Tennessee, Virginia, West Virginia, Wisconsin, Wyoming
10. **Pre-Foreclosure 90** - The following states will use the 90-day Pre-Foreclosure Mail Delivery Cycle: Alabama, Alaska, Arizona, Arkansas, California, Connecticut, Massachusetts, Michigan, Mississippi, New Hampshire, North Carolina, South Dakota
11. **Pre-Foreclosure 120** - The following states will use the 120-day Pre-Foreclosure Mail Delivery Cycle: Florida, Idaho, Iowa, Minnesota, Nebraska, Nevada, North Dakota, Oregon, Utah, Washington
12. **Pre-Foreclosure 180** - The following states will use the 180-day Pre-Foreclosure Mail Delivery Cycle: Colorado, Delaware, Hawaii, Indiana, Kansas, Kentucky, Louisiana, Maine, Montana, New Jersey, New Mexico, Ohio, Oklahoma, South Carolina, Vermont
13. **Pre-Foreclosure 365** - The following states will use the 365-day Pre-Foreclosure Mail Delivery Cycle: Illinois, New York, Pennsylvania
14. **\*BK Chapter 13 Aged Filings** - Mail goes out every 30 days. Chapter 13 Bankruptcy's filed 3-9 months ago with a confirmed home

Notes:

# Marketing 101

Notes:

15. **\*BK Chapter 13 Recently Dismissed** - Mail goes out every 14 days.
16. **Adjustable Rate Mortgages with Equity**
17. **Multi-Family with Equity**
18. **Wholesale Properties**
19. **\*Probate**
20. **\*Divorce**
21. **\*Taxes**
22. **\*Ordinance/code violations**
23. **Notice of Default**
24. **\*Notice of Trustee Sale**
25. **\*Bankruptcy**
26. **Personal referrals**
27. **'Catch-All' Seller Campaign**
28. **Bankruptcy Motions for Relief/Dismissal**
29. **In-House Follow Up**

\*All can be found at the courthouse. Most can be pulled online. Many are free.

## Buyer Campaigns

1. Tenant Buyers
2. Retail Buyers
3. Wholesale Buyers





# LIST SOURCE LISTS





# List Source Lists

## Using ListSource.com

### Why use ListSource:

Any business who wants to get their phone to ring uses a service like ListSource to acquire contacts. This is where your marketing begins. You must have contacts in your marketing list. Through a service like ListSource you can target the contacts you want using a variety of criteria including geography, amount of mortgage indebtedness, property type, demographics, foreclosure status and many other options.

You can work with list brokers to acquire similar lists of contacts but why? Why go through a middleman who dictates to you the criteria for your contact search? Why would you want a list that is dated and has been sold to your competition already? By going directly to ListSource you are in control. You get to dictate the parameters of your search. You pay for only what you want, and you are guaranteed that your information is fresh.

Follow the step by step process below and you will be able to pull a fresh list of contacts just waiting for your marketing to arrive. What are you waiting for...get started now!

### **Step by Step: (These instructions are available in video format in the Regional Back Office)**

You must know what type of demographic fits the mold of what you are trying to accomplish? Depending on your goal, you will want to choose different criteria to pull your list. Remember, you are in control. If you do not like the results you are getting you can change who you target with your marketing. All you need to do is adjust the criteria you use to pull

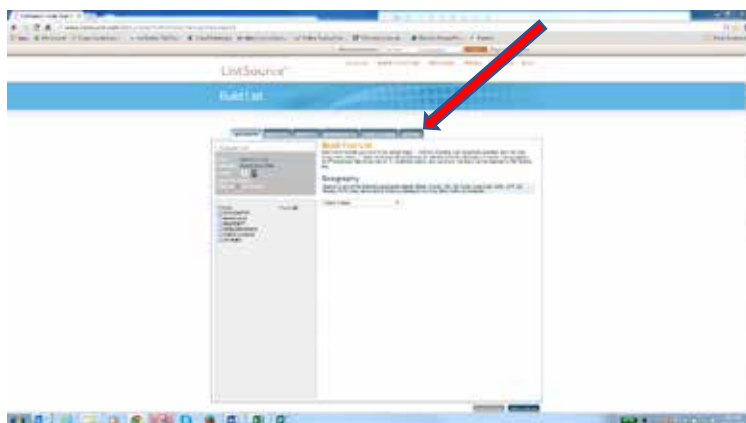
Notes:

## List Source Lists

Notes:

your list. Note, if you do choose to retarget your marketing you may need to adjust your marketing letter along with the list you pull. For the purposes of this demo we will be looking for property where the owner has significant equity and lives out of state from the property in question.

- Pull out credit card so you are ready to pay for your list at the end.
- Go to listsource.com in your favorite browser.
- Remember that out of state owners with significant equity in property that is in your market is our goal.
- Assuming you are a new user to ListSource, click on the “Build List” button on the left hand side. (If you are a returning user, start by logging in at the upper right-hand side.)
- We will be using the list of tabs located horizontally across the page – Geography, Mortgage, Property, Demographics, Foreclosure, Options.

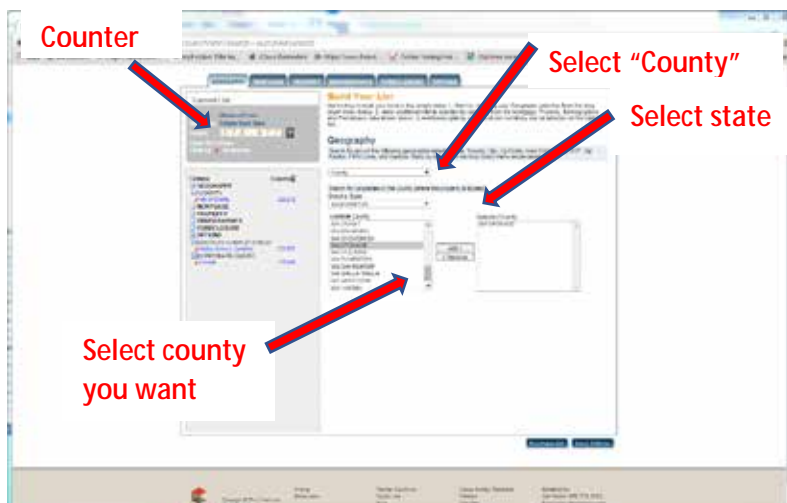


- Under the Geography tab use the drop-down menu “Select Criteria” click on “county”.
- In the “Select State” drop down menu click on your state.

## List Source Lists

- In the “Available County” menu select the county or counties that you are interested in finding properties in. Click the add button to include them on your list.
- Watch the “Count” gage on the left to monitor how many contacts you have found with the criteria that you are using. Each time you change the criteria the count will be updated. Typically, you will want to pull between 200 and 500 names. If your list falls out of this range adjust your criteria. You should have a very large number (in the thousands) of contacts in your list at this time. Do not worry, we will narrow it down in the next steps.

Notes:



### Option 1:

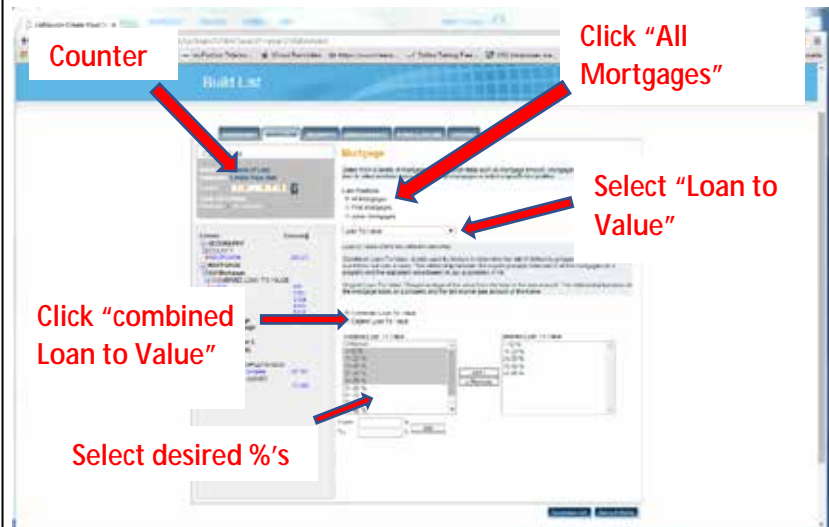
- Now move on to the “mortgage” tab by clicking on it.
- Make sure the “All Mortgages” button is clicked. We want to find out about all mortgages because many, many homeowners have taken

# List Source Lists

Notes:

out equity from their property through second and third and even fourth mortgages. If you do not ask specifically for “all Mortgages” it will not be included in the information you receive guaranteeing you some surprises latter on. We do not like those kinds of surprises!

- In the drop-down box “Select Criteria” click on “Loan to Value”.
- Make sure the “Combined Loan to Value” button is clicked.
- In the box “Available Loan to Value” select the percent ranges desired and click “Add” to the right of the box. We are interested in homes with significant equity therefore we want homes with **LOWER** LTV’s. For this example, we will select the categories that include 50% or less LTV.
- Are you watching the Counter on the left had side? You should notice a significant change in the number of contacts. You should also notice counts being tracked based on the individual criteria that you have selected.



## List Source Lists

### Option 2:

You can acquire a similar list to the list in option 1 above by doing the following:

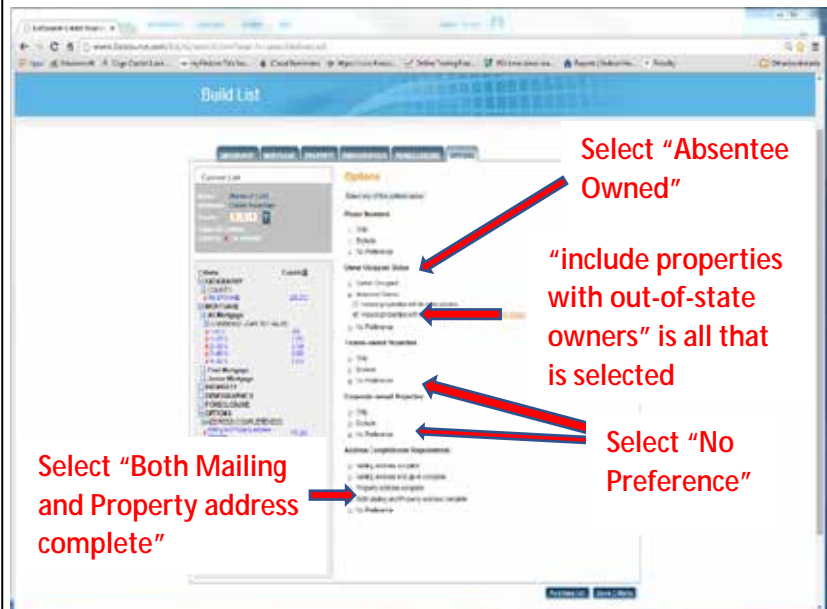
- Click on the “Property” tab along the top.
- In the drop-down box “Select Criteria” click on “equity (%)”.
- In the box “Select Equity (%)” select the percent ranges desired and click “Add” to the right of the box. We are interested in homes with significant equity therefore in this screen we want homes with **HIGH** percent of equity. For this example, we will select the categories that include 51% or more equity.
- Click “Demographics” at the top if you want to narrow your list or target certain homeowners. You can explore your options here but for our purposes we will not use any of these criteria.
- Click “Foreclosure” at the top if you want to narrow your list or target certain properties that are in various stages of foreclosure. You can explore your options here but for our purposes we will not use any of these criteria.
  - Note that if you are interested in marketing to pre-foreclosure properties, it is suggested that you pull a list of owners who make less than \$49,000 annually. Statistics tell us that the highest default rate is for those who make less than \$50,000. This list can be generated using the “demographics” tab – “Household” button – “Estimated Income” selection from the drop-down menu labeled “Select Criteria.”
- Click “Options” at the top.

Notes:

# List Source Lists

Notes:

- In the “Owner Occupied Status” select “Absentee Owned.”
- Under “Absentee Owned” Make sure “include properties with out-of-state owners” is all that is selected. This is because we are going to focus on out of state owners.
- In the “Trustee-owned Properties” section select “No Preference.”
- In the “Corporate-owned Properties” section select “No Preference.”
- In the “Address Completeness Requirements” select “Both Mailing and Property address complete.”
- Watch the Count on the left. Remember that the goal is between 200 and 500. If this is not achieved, you will have to go back and adjust the criteria that was chosen.





## List Source Lists

If the Count is close to what you want, click the “Purchase List” button at the bottom right.

- Create a Title for your list by filling in the box that is label “Enter a name for the list you are building:”
- Follow the instructions on the page to create your ListSource account and then to purchase your list.
- Make sure you select the button that says that you will be using the data purchased through ListSource for “Direct marketing solely for my individual or company use.”
- Note that there are several add on option that you may or may not be interested in at check out. For our purposes, none need be selected.
- Pay for list – PayPal/credit card etc.
- Download/export list into an Excel file.
- Clean up the formatting of your list in Excel to include the following columns in this order - Last name of owner, first name of owner, mailing address of owner, full property address, phone number of owner.
- Market to your new list!

Training for use of ListSource is available through the ListSource website and is a good use of time.

### **Formatting your List for Optimal**

#### **Usage:**

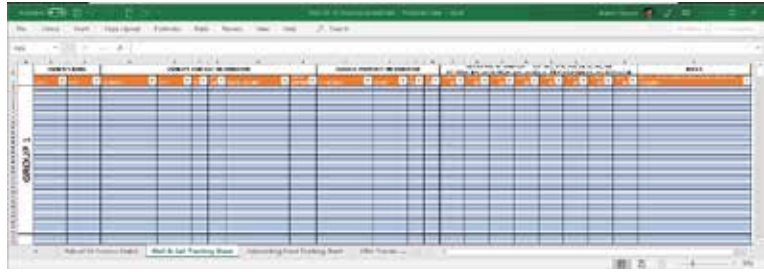
Once you download your list from ListSource you will discover that the list is not very user friendly. You will need to reformat the spreadsheet to optimize it for your usage. In the Lee’s Inner Circle 2.0 Back Office you will find a video walking you through the steps to

Notes:

## List Source Lists

Notes:

reformat the list. Look for the video titled, “How to use the Tracking Spreadsheet for Implementing the Rule of 56.



A tracking spreadsheet for your use is downloadable from the Regional Back Office. Look for the icon that says, “The Rule of 56 Tracking Spreadsheet. The video noted above includes how to import the data you receive from list source and how to utilize the tracking spreadsheet once you import the data. The video will show you what columns need to be moved around and adjusted. Some will even be eliminated. As you proceed through this reformatting, be careful to maintain the distinction between the mailing address of the owner and the property address.

[The Rule of 56 Tracking Spreadsheet](#)



Click to download. Requires Microsoft Excel

THE  
**Leaf Arnold**  
SYSTEM OF REAL ESTATE INVESTING

# DEALIO LIST





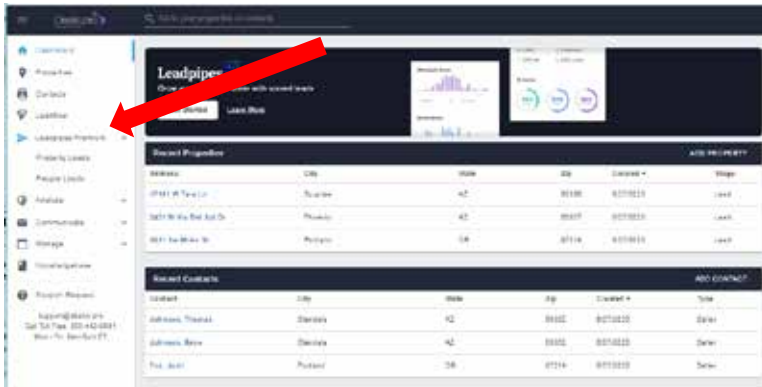
# Dealio List

Notes:

## DEALIO.PRO

### Options in Dealio:

Dealio.pro will allow you to pull and market to multiple different lists based either on the type of property you are looking for or the type of person you are seeking. All marketing list in Dealio begin in the same place, under the “Leadpipes” tab on the left-hand side of your Dealio home page.



From here you can choose, “Property Leads” or, “People Leads.”

Below you will find step by step instructions on how to pull our basic real estate investor starter list. This is our go-to list that everyone should be working starting out. It has proven results if you will follow the process and be consistent in your marketing. This is the none-owner-occupied, high-equity list.

### Step by Step Pulling a List:

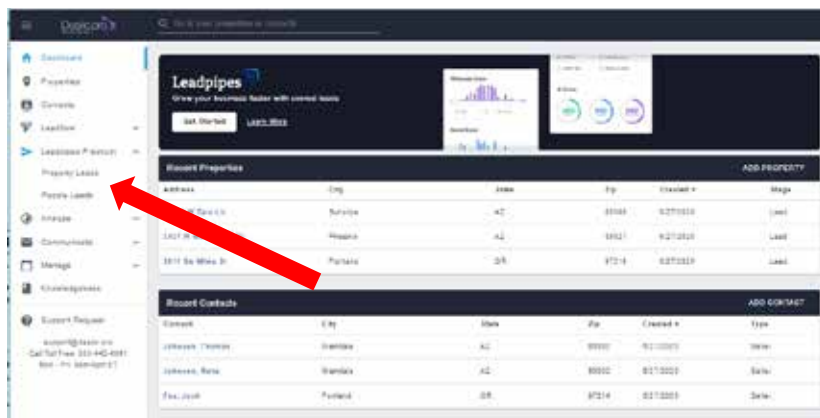
Our basic assumption in pulling the none-owner-occupied list is that the property is a rental. This makes the owner a landlord/investor. Keep this in

# Dealio List

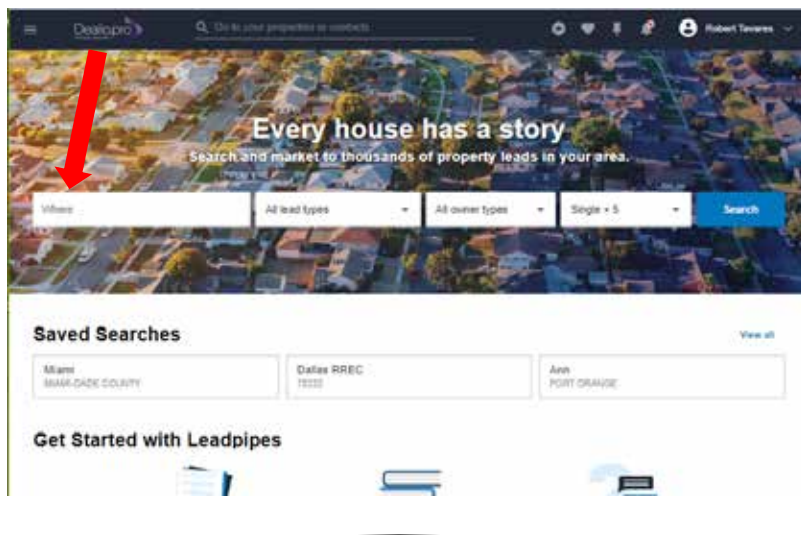
Notes:

mind as you pursue these leads. It should influence how you talk to the owners and how you market to them. Remember, that in marketing you always seek to have a good message to market match. This means you want to try to tailor your message to and investor mindset.

- Log into your Dealio.pro account using your favorite browser.
- Click on the “Leadpipes” tab on the left-hand side and then click on the “Property Leads” tab.



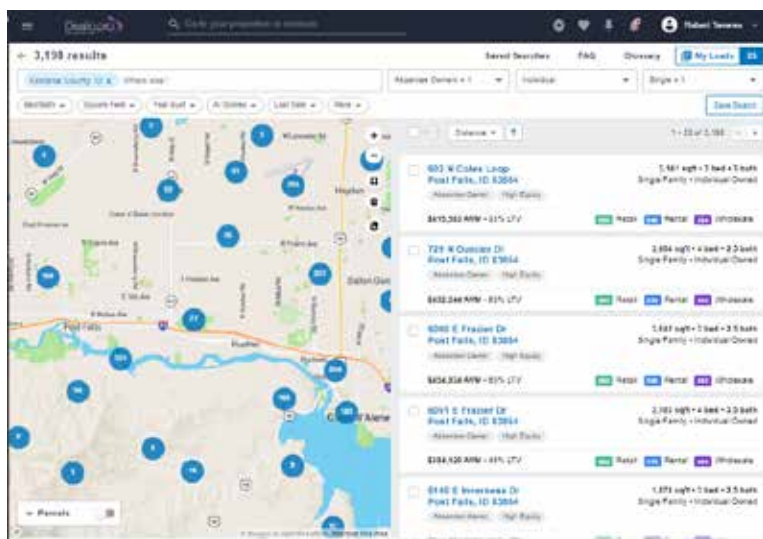
- Follow the prompts in each of the search boxes to impute your search criteria.



## Dealio List

- In the, “Where” box include the county name you want to invest in.
- In the, “All Lead Types” box select, “Absentee Owner” and “High Equity.”
- In the, “All Owner Types” box select, “Individual.”
- In the, “Other” box select, “Single.” (You may include others if you want to pursue these property types.)
- Now click the, “Search Button.”
- You should now see a screen with a map of properties along with a list of the properties.

Notes:

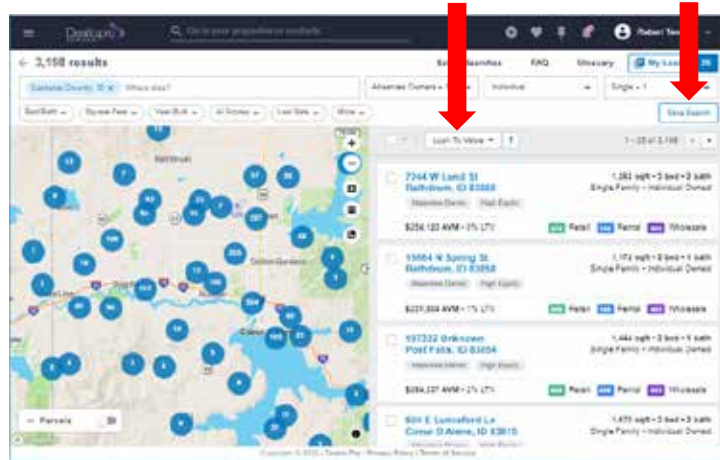


- At this point review the list to make sure it is what you want. You can always go back and adjust your criteria if you need to.
- Directly above the list of properties you will see a sort option. Sort by, “Loan To Value” so that the largest equity properties are on top (0% LTV). Start working these leads first.

# Dealio List

Notes:

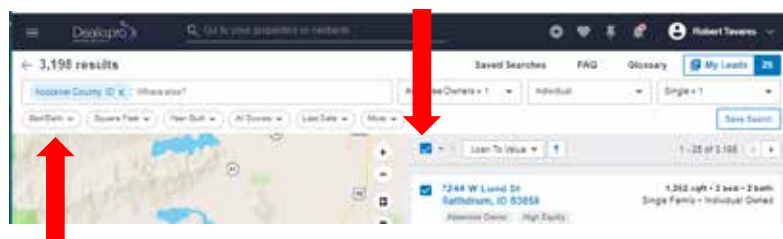
- Save this list by clicking the, "Save Search" button above the list of properties on the right side.



- Make sure you name this search something you can remember.
- Now it is time to send some mail!

## Step by Step Sending Mail:

- Make adjustments to search criteria as needed by clicking on the buttons above the map.
- Click the box at the top left-hand corner of the Lead list to select the first 25 leads



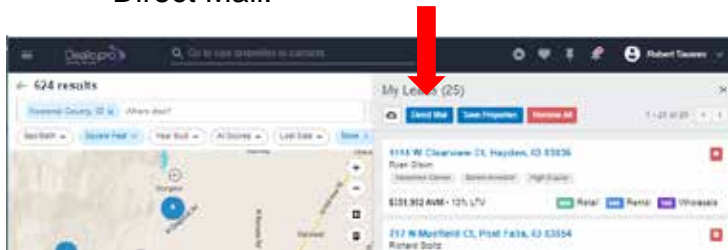
- Note that the, "My Leads" box will show how many leads you have selected and will be working with as we move forward.



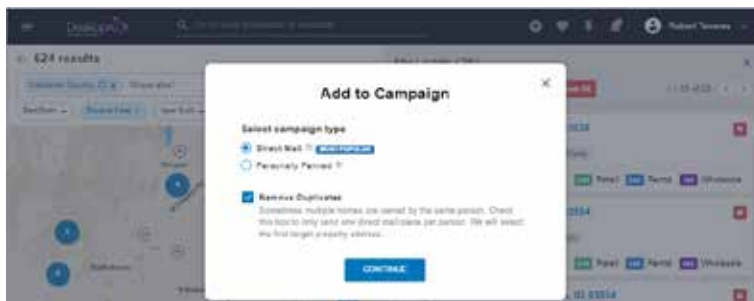
# Dealio List



- Click on the, “My Leads” box and then select, “Direct Mail.”



- The next screen will default to, “Direct Mail.” Leave the default setting at this time.
- Select, “Continue.”



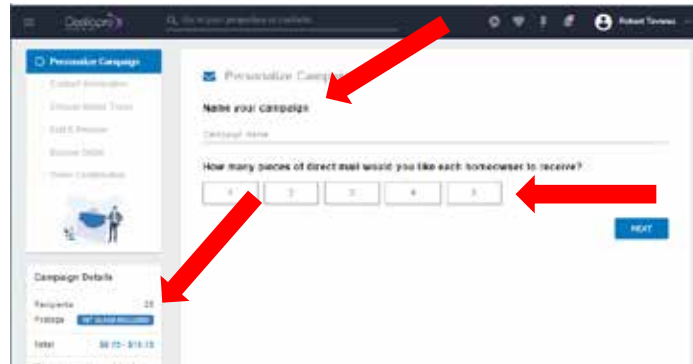
- Name this campaign on the, “Campaign Name” line.
- Indicate the number of pieces of mail you want to send to EACH property owner – 1 through 5 pieces.

Notes:

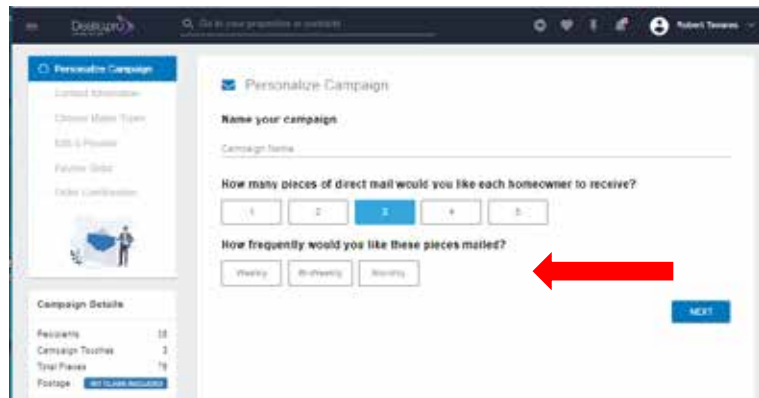
# Dealio List

Notes:

- Watch the counter in the lower left corner that indicates your current campaign including costs.
- Select, “Next.”

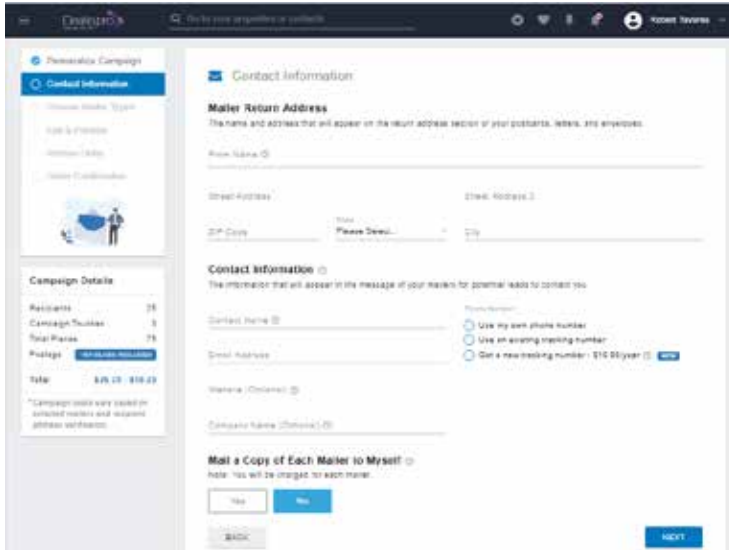


- Select the frequency you want the mail to go out – weekly, bi-weekly, or monthly.



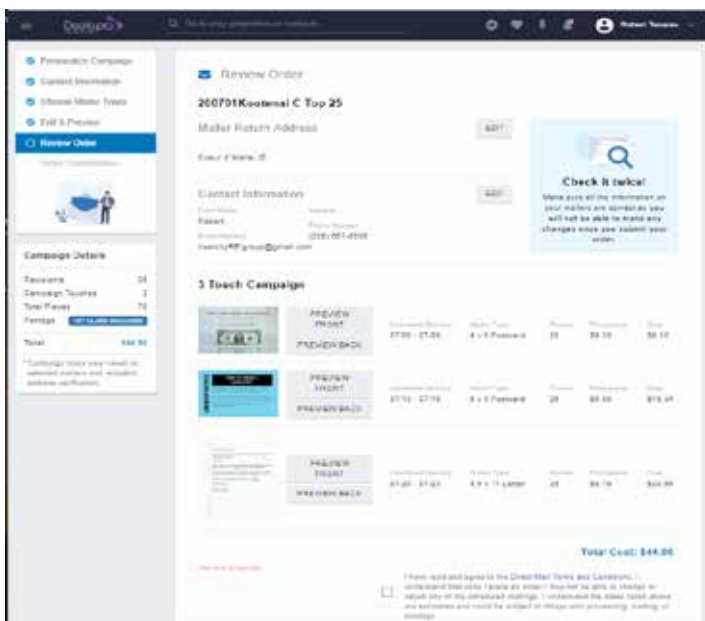
- Fill out the contact information you want to be printed on each mailer going out. Follow the prompts on the page.
- When completed, click next.

# Dealio List



Notes:

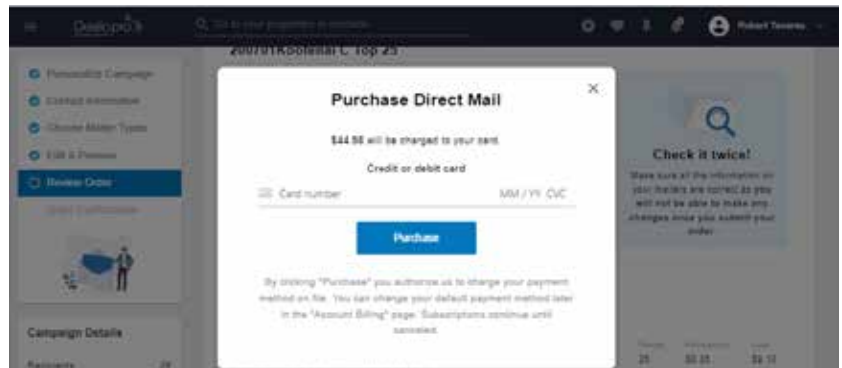
- Follow the prompts to select who your target audience is. In this case, “Absentee Owners.”
- When completed, click next.
- Now follow the prompts to select the options you want to use for each of the mailers.
- Review each of your choices, adjust as desired, then click, “Finish & Review Order.”



# Dealio List

Notes:

- Make sure you verify the cost of your order at this point in the lower left corner.
- After reviewing the, “Review Order” page and checking it twice, click the, “I Agree” box at the bottom of the page to place.
- If you do not have a credit card stored in your Dealio.pro account, you will be asked to enter a card at this time.
- Once you enter your card information, click, “Purchase.”



- Congratulations! You have now completed your direct mail campaign to 25 owners of non-owner-occupied property in your farm area.
- These instructions have been for a basic campaign to get you started. Now that you have done it once, spend some time in Deal.pro exploring your options. Pull different list, get creative with your mailers by customizing them, harness the full power of Dealio.pro!



# BANKRUPTCY LIST





# Bankruptcy List

---

## Using USBankruptcylist.com

### Why Work Bankruptcy Leads:

It's getting harder and harder for industry professionals, business owners and real estate investors to close good deals in today's market. Bankruptcy lists are a niche that is commonly overlooked because it's misunderstood or the data is too hard to get. Well not anymore! If you haven't been marketing to bankruptcies, then you're missing out on a virtually untapped pipeline of leads to grow your business income!

Most people don't realize that when a case is dismissed, the bank can foreclose and creditors start calling again, when a case is discharged there are some debts that don't go away, and when they file the debtor thinks it will solve all their financial woes but they quickly realize it doesn't. As you can imagine, these situations create some highly motivated people!

Someone that files bankruptcy has a serious financial problem. Common reasons for filing bankruptcy are large medical expenses, job loss, divorce, and overextended credit. They may be using bankruptcy to temporarily stop foreclosure, called an "automatic stay", or mistakenly think that bankruptcy will make all their troubles disappear. What does this mean for you? It's an opportunity to help a motivated prospect.

### Types of Bankruptcy

Notes:

# Bankruptcy List

Notes:

- Chapter 7 - "liquidation" proceeding, sells assets to pay off as much debt as possible. The cash from assets is distributed to creditors like banks and credit card companies.
- Chapter 13 - "reorganization" proceeding, enables people to pay off their debts over a period of three to five years. For individuals who have consistent, predictable annual income, Chapter 13 offers a grace period.

## Bankruptcy Status

### Filed

Filing bankruptcy with a court is the first step. It's a legal process that either reduces, restructures or eliminates your debts. You can file on your own or you can file with an attorney.

### Dismissed

The termination of a bankruptcy proceeding. When a case gets dismissed (kicked out for not doing what the Judge says) they lose the bankruptcy protection and go right back to the way things were before they filed. Collection calls start again, wages can be garnished, bank accounts levied, and the mortgage lender can foreclose.

### Discharged

A release of a debtor from personal liability for certain dischargeable debts. Usually due to the successful completion of a bankruptcy case. However, certain debts like student loans, family support, criminal restitution and taxes cannot be discharged. A successful discharge is the goal of every debtor. "Build List" button on the left had side.



# Bankruptcy List

(If you are a returning user, start by logging in at the upper right-hand side.)

Notes:

## Sample Order from USBankruptcylist.com

### US Bankruptcy List

1011 N Ankeny Blvd # 858  
Ankeny IA 50023  
United States  
+1 970-658-0530  
info@usbankruptcylist.com

**Paid by**  
Lee Arnold  
XXXX@securedinvestmentcorp.com

**\$80.55 paid on July 6, 2020**

Thank you for your business!

Description	Qty	Unit price	Amount
Jun BK Leads 202006_bk713_SPOKANE-WA	45	\$1.79	\$80.55
<b>Subtotal</b>			<b>\$80.55</b>
<b>Amount paid</b>			<b>\$80.55</b>

### Receipt

Receipt number 2161-8022  
Invoice number 0834358E-0013  
Date paid July 6, 2020  
Payment method **MasterCard** - XXXX

Questions? Contact US Bankruptcy List at info@usbankruptcylist.com or call at +1 970-658-0530 2161-8022 - Page 1 of 1

# Bankruptcy List

---

Notes:



# PRE-FORECLOSURE /AUCTION LIST





## Pre-Foreclosure / Auction List

---

### Pulling Your List

The first thing you must realize about working an auction list is that no one source of auction properties is adequate. There is no one-stop-shop for finding all the properties that are going to auction. If you want it to be complete, you will need to aggregate the list yourself from multiple sources. This takes some time, energy and a little bit of skill but it will be worth it in the end. Remember, the harder it is to find the property and/or the information about it, the less competition you will have and the more valuable it will be.

Start off by getting yourself on as many foreclosure/auction email lists as you can find. Sign up at [Foreclosure.com](http://Foreclosure.com), [auction.com](http://auction.com), and [Zillow.com](http://Zillow.com). Each of these sites will email you the status of foreclosures in your area on a daily or weekly basis. Don't forget to google search, "foreclosure Properties Your city." Look for a few local sites that you can get emails from as well. Arnold Professional Holdings utilizes a local foreclosure listing service called [countyrecordsresearch.com](http://countyrecordsresearch.com). They work in WA, OR, CA, NV, and AZ. Some of the foreclosure listing services you find may be on a fee basis. This is the case with [countyrecordsresearch.com](http://countyrecordsresearch.com). You will need determine if the ROI on the investment justifies the expense.

Another source of foreclosure leads is to develop a relationship with a title company and request a Foreclosure list. We work with First American Title Company. Remember, "Free dessert?" – You do not get what you do not ask for. Make sure that you find the right department and then clarify that you are

Notes:

## Pre-Foreclosure / Auction List

---

Notes:

requesting a list that has properties going into Foreclosure in the next five to six months. This source may also require a fee. Attempt to negotiate it down and then pay it! To a serious investor this is just the cost of doing business. You should get a substantial ROI on this cost.

In non-judicial foreclosure states it makes sense to build relationships with your local Foreclosure trustees. Depending on the size of your county, there will be a half dozen or more trustees that conduct most of the foreclosures in your area. Many will have websites where you can track foreclosure information. The trustee has a vested interest in helping you get information about upcoming auctions. More people interested in the properties and attending the auction means higher sales.

### **Sheriff's Sale**

In a judicial foreclosure, the process of foreclosure will go through the court system and eventually end up in what is called a Sheriff's Sale. This is like a trustee foreclosure but can take much longer to complete.

The term "Sheriff's Sale" also encompasses tax auctions. In either case you will want to know ahead of time what will be going to auction so you can do your due diligence.

You can go to a couple of places to view a list of the properties that will be auctioned off at the next sheriff's sale. Many sheriff's offices have websites where you can view the upcoming sales online. You can also get a list of the properties to be auctioned off by physically going to your local sheriff's office.

## Pre-Foreclosure / Auction List

---

Properties available for purchase are also usually advertised in the local newspaper as much as a month before the actual sale date. Your local sheriff's office can tell you which newspapers will carry the notice.

Each property will usually include a docket number, a sheriff's department number, or a court case number. It will name the plaintiff in the foreclosure action and the defendant. It will include the property address and a description of the property, as well as the minimum bid amount.

### **Beware of Phony or Incomplete Lists**

As your search for foreclosure information, beware of individuals or websites that sound too good to be true. It is not uncommon to find list brokers that will sell an old list repeatedly promising more than they can ever deliver. The information is old and may be incomplete. Look for reputable sources before you break out the credit card. Beware of the one stop list for all you real estate investor needs. It does not exist!

### **Organizing the List**

Once you have found the sources for your list information, you will want to organize that information into a usable tool – a list. Your goal is to maximize your efficiency in utilizing the list. Start off by organizing each property on a different excel spreadsheet tab based on date of auction. You should track this carefully. As the date for the auction gets closer and closer the homeowners need to do something becomes more urgent. This becomes your

Notes:

## Pre-Foreclosure / Auction List

Notes:

best opportunity to work an equity deal. The owner is strongly motivated to make a deal.

Use the Auction Spreadsheet template to gather and organize your information. You should find a digital sample in your Regional Real Estate Clinic back office.

### Working the List

There are at least four ways to work an auction list and make money at it. The first three ways require little to no money upfront which is very appealing to the typical real estate investor.

#### Buy at The Auction as A Wholesale

This first method to make money from your auction list is to buy a property at the auction as a wholesale. To accomplish this, you must first track the deals as if you are planning to bid on the property.

Do all your due diligence up front as you would normally do. Make sure you calculate a firm maximum bid price on all the properties you would be interested in bidding on. Now you are ready to attend the auction.

With your maximum bid prices in hand, a printed blank purchase and sales agreement, and a small amount of cash to use as consideration, attend the auction and pay attention to the amount of the winning bids of each of the properties you are interested in. When one of your target properties sells for less than your maximum bid price, you jump into action and negotiate a wholesale with the investor



## Pre-Foreclosure / Auction List

who won the bid. Your conversation should go something like this:

Congratulation on the purchase of that property. How would you like to make a quick 5 grand in 5 minutes on your investment? You do not have to do anything to the property except enjoy the cash you get from it. I have a purchase and sales agreement right here that we can fill out and sign around. I also have \$100 cash in my pocket I can give you right now as earnest money and I will have escrow opened on the property as soon as the title company opens on Monday.

In this transaction, make sure you document the receipt of cash with a picture of the seller receiving the money. You will want to get your purchase and sales agreement to your title company as soon as possible so you can move forward with the purchase. Get your financing in place and get the deal done.

### Equity Deals

The equity deal strategy also requires you to track the property as if you were going to bid on it at auction. Do all your due diligence up front as you would normally do. Again, make sure you calculate a firm maximum bid price on all the properties you would be interested in bidding on. Now make special note of those properties that have high equity. This gives you room to negotiate with the owner BEFORE it goes to auction.

When you find a property with high equity make sure your research includes finding a phone number for the owner. Once you have this, start calling. Your goal is to negotiate a sale of the property with the

Notes:

## Pre-Foreclosure / Auction List

Notes:

homeowner before it goes to foreclosure auction. This can be done face to face by knocking on their door or make the call now that you have their phone number.

A sample dialog might sound like this:

**Homeowner:** Hello.

**Investor:** Good afternoon, may I please speak with Joseph?

**Homeowner:** This is Joseph.

**Investor:** Hi Joseph, my name is \_\_\_\_\_. I'm following up on a pending code compliance violation (or nuisance abatement order or ...) against the property at \_\_\_\_\_.

**Homeowner:** Yeah, well we've taken care of it.

No, we're not interested. (Or any other excuse you might hear.)

**Investor:** You're not interested in removing the Legal action (foreclosure...) against you and your property, avoiding foreclosure and/or bankruptcy, and being out from under the pending legal action that is currently against you?

**Homeowner:** No, not right now. (OR) How can you do that?

**Investor:** At least give me the opportunity to help. Now do you want to stay in your home, or possibly get some cash and relocate, and make the legal action go away?

## Pre-Foreclosure / Auction List

---

**Homeowner:** Stay in my home! -or- I'm not sure.  
-or- I could use some cash.

**Investor:** Great – because I (or we) specialize in helping homeowners get what they need! We can negotiate with the city as well as your lien holder, if needed, to make sure you do not need to deal with this anymore.

**Homeowner:** How do you make money off this?

**Investor:** That all depends on what solutions we find and what options you chose. Are you ready to move forward in getting this taken care of?

**Homeowner:** How does this all work?

**Investor:** Let's schedule a meeting so I can explain everything and tell you how we will be able to help you. I am available at 1:45pm on Wednesday or I can meet you later today at 3:00pm. What works best for you?

Remember, the goal is to negotiate a sale of the property under your maximum allow able offer (MAO). Once the purchase and sale agreement is signed you need to contact the bank and/or foreclosure trustee immediately to request a postponement of the sale. Let the bank know that you have a purchase and sale agreement in place on the property and will be bringing the loan current, all you need is for them to give you 45 days to make it all happen. Once they agree to the postponement get the purchase and sale agreement to your title company to open escrow, get your funding from COGO Capital and get it purchased.

### Overages

An overage happens when a property sells at auction above what is owed to the lien holder. These excess funds do not belong to the lien holder. They

Notes:

## Pre-Foreclosure / Auction List

Notes:

belong to the homeowner however homeowners often do not know that the overage has taken place or that it belongs to them. The county is required to send one notification that the homeowner may be due the excess funds, but this notice goes to the last known address – the property that was foreclosed on. Former homeowners that are due this money rarely receive the notification.

To work the overage strategy, you must track a property that goes to foreclosure and know the reserve price as well as any other cost associated with the sale of the property. At the auction make note of what the property sells for. If there is significant overage you now have an opportunity to make 20 to 40% of the overage amount. This is the going rate for helping the former homeowner collect their overage.

Once you have identified the properties that have significant overage, it is time to get to work. You must track down the former homeowner. Use your skip tracing skills to find them. Upon contact explain to them who you are and that you can help them collect on a significant amount of money due them. Explain to them the going rate for your services, (set your rate somewhere between 20 and 40%). Make sure they understand that you will take care of all the paperwork and deal with all the governmental red tape needed for them to receive their money. All they need to do is authorize you to work on their behalf by signing your authorization agreement.

That's it. Once they sign you now have about 8-hours' worth of work ahead of you before you both get your payday. The county will have a process you must go through to claim the overage refund. Work

## Pre-Foreclosure / Auction List

through the process and you and your new client will be rewarded for your work.

### Have Cash and Buy at The Auction

The final strategy to profit from a real estate foreclosure auction is to show up with cash in your pocket and bid on properties. This requires you to do your due diligence prior to the auction. Research the properties. Find the ARV values. Calculate your maximum allowable bid and then stick to it at the auction.

Live foreclosure auctions are free to attend and open to the public to ensure that a home being foreclosed upon receives the highest possible recovery for the bank or lender *and* the smallest deficiency for the borrower. Anyone can attend; however, if you want to bid, you'll need to register. In most cases, you'll have to show that you're in possession of sufficient funds to pay for the property in full. (There are a few states that allow an auction day deposit and payment in full at a later date.)

Here are the basic steps for participating in a live foreclosure auction:

1. **Find and track foreclosure auctions.** As noted previously in this section you need to find the properties that are up for auction. Use multiple sources to make sure you find them all. If you only consult one or two sources, you will most likely miss many diamonds in the rough.
2. **Do your research.** Be sure you read and understand all due diligence documents and transaction details prior to the auction.

Notes:

## Pre-Foreclosure / Auction List

Notes:

Research the estimated market value of the property, how much the borrower owes on the mortgage, and whether there are any liens against the property. *This last point is especially important.* If you're the winning bidder, you may have to pay off these liens.

- 3. Drive by the property.** This will let you see the home's condition. This is very important. Do not bid on a property you have not seen!

When you bid on a foreclosure, you're bidding on the property "as-is." Extra, unexpected repairs could cost you thousands of dollars, so take that into account when figuring out how much you can comfortably bid. There's a saying among investors that's a pretty good rule of thumb: "How it looks on the outside is what it's going to look like on the inside." In other words, an unkempt exterior indicates an unkempt interior, while a home with great curb appeal will probably look similar inside! That being said, look at the inside if the opportunity presents itself.

- 4. Get your financing in order.** Most foreclosure auctions accept cash, bank money order or cashier's checks for payment. In nearly every state, you'll have to pay in full immediately following the auction of the property; a few states allow you to pay a percentage at auction and the rest within a certain timeframe.

County foreclosure auctions often require advance deposits. The deposit amount varies across municipalities, but generally runs from 5% to 10% of the expected final bid amount of the property.

## Pre-Foreclosure / Auction List

---

5. **Confirm all auction details, even on the day of the auction.** It's very common for foreclosure auctions to be postponed or even cancelled. Sometimes an auction is cancelled because the borrower comes up with the money to pay the lender the amount they owed, obtains a loan modification, or sells the property. Auctions might be postponed for a myriad of reasons; for example, the bank or lender might not be able to compile the proper documentation in time, or the owner might request more time to complete a short sale.
  
6. **Attend the auction and bid!** It is a great idea to attend the auction several times before you actually start to bid on the properties. Identify who the players are, get to know the criers and find out how things work. Now you should be ready to start bidding.

Notes:

# Pre-Foreclosure / Auction List

---

Notes:



# Pre-Foreclosure / Auction List

---

## State Laws Regarding the Right of Redemption

Each state has its own law governing a homeowner's right of redemption. Find your state in the list below to find out whether you have the right to redeem your mortgage after the foreclosure sale and what restrictions may apply.

STATE	MOST COMMON FORECLOSURE METHOD	DO BORROWERS HAVE A STATUTORY RIGHT OF REDEMPTION AFTER FORECLOSURE?
Alabama	Nonjudicial	Yes, within one year after foreclosure sale. Right of redemption extinguished if borrower fails to turn over possession within ten days of buyer's written demand for possession.
Alaska	Nonjudicial	Not after nonjudicial foreclosure unless the deed of trust specifically provides a right of redemption. If the lender pursues a judicial foreclosure, there is a 12-month redemption period after the sale is confirmed
Arizona	Nonjudicial	Not after nonjudicial foreclosure. Yes, within six months after a judicial foreclosure sale; if the property was abandoned, redemption period is 30 days.
Arkansas	Nonjudicial	Not after nonjudicial foreclosure. Yes, within one year after a judicial foreclosure sale, but not if the mortgage or deed of trust waives the right to redeem.
California	Nonjudicial	Not after nonjudicial foreclosure. Yes, after judicial foreclosure, but not if a deficiency judgment is waived or prohibited. Redemption period is three months after foreclosure sale if foreclosure sale price is equal to or greater than outstanding mortgage debt plus interest and costs; otherwise, redemption period is one year after foreclosure sale.
Colorado	Nonjudicial	No.

## Pre-Foreclosure / Auction List

Connecticut	Judicial	Not after strict foreclosure, where the court transfers ownership of the foreclosed home directly to the foreclosing lender. (Law Day is the last date to redeem. Strict foreclosure is most commonly used in Connecticut). After a foreclosure by sale, the homeowner can redeem up until the court confirms the sale.
Delaware	Judicial	No. (Only up until the court confirms the sale.)
District of Columbia	Nonjudicial	No.
Florida	Judicial	Yes, until the court clerk files the certificate of foreclosure sale or the date specified in the foreclosure judgment, whichever date is later.
Georgia	Nonjudicial	No.
Hawaii	Judicial	No.
Idaho	Nonjudicial	No, not after a nonjudicial foreclosure. If the foreclosure is judicial, you can redeem within six months after the sale, if the property is 20 acres or less, or within one year after the sale if the property has more than 20 acres.
Illinois	Judicial	Yes, within seven months after the foreclosure complaint or three months after final foreclosure judgment, whichever date is later, by paying amount of outstanding mortgage debt plus interest and costs ("Redemption Price"). If fair market value of property at time of foreclosure judgment is less than 90% of Redemption Price and lender waives right to deficiency judgment, borrower may redeem within 60 days after the foreclosure judgment date, or the expiration of any reinstatement period, whichever is later. If foreclosure sale purchaser was foreclosing lender and foreclosure sale price is less than Redemption Price, borrower may redeem within 30 days after confirmation of foreclosure sale by paying foreclosure sale price plus interest and costs.

## Pre-Foreclosure / Auction List

Indiana	Judicial	Yes, after foreclosure judgment but before foreclosure sale by paying amount of judgment plus costs and interest. Not after foreclosure sale.
Iowa	Judicial	Yes, within one year after judicial foreclosure sale or six months after the sale, if agreed upon in the mortgage documents and the lender waives a deficiency. Not after alternative nonjudicial foreclosure.
Kansas	Judicial	Yes, within 12 months after foreclosure sale; court may shorten redemption period if property is abandoned. If less than one-third of mortgage was repaid, redemption period is three months; redemption period may be extended if borrower loses primary source of income after foreclosure sale. If outstanding mortgage debt is less than one-third of property's fair market value, redemption period is twelve months.
Kentucky	Judicial	Yes, within one year after foreclosure sale only if the foreclosure sale price is less than two-thirds of the property's fair market value.
Louisiana	Judicial	No.
Maine	Judicial	Yes, within 90 days after foreclosure judgment if mortgage was executed on or after October 1, 1975 and within a year if mortgage was executed before October 1, 1975. To redeem, borrower must pay amount of foreclosure judgment plus interest, fees, and costs.
Maryland	Nonjudicial	No. Not after the foreclosure sale is ratified by the court.
Massachusetts	Nonjudicial	Not after nonjudicial foreclosure. Yes, within three years after judicial foreclosure sale. If foreclosing lender gets deficiency judgment, borrower may bring suit for redemption within one year of deficiency judgment.
Michigan	Nonjudicial	Yes. For residential properties of four units or less, redemption period varies as follows: six months if mortgage executed on or after January 1, 1965 and outstanding mortgage debt is more than two-thirds of

## Pre-Foreclosure / Auction List

		original mortgage debt; three months if property is abandoned and outstanding mortgage debt is less than or equal to two-thirds of original mortgage debt; one month if property is abandoned and outstanding mortgage debt is more than two-thirds of original mortgage debt; one year for all other residential properties of four units or less.
Minnesota	Nonjudicial	Yes, within six months or one year after foreclosure sale, depending on the circumstances. One-month redemption period for abandoned properties.
Mississippi	Nonjudicial	No.
Missouri	Nonjudicial	Yes, within one year after foreclosure sale only if foreclosing lender is purchaser at such sale. Borrower must give written notice of intent to redeem at the sale or within ten days before the sale. Borrower must post a redemption bond within 20 days of the sale.
Montana	Nonjudicial	Not after nonjudicial foreclosure under the Small Tract Financing Act. Yes, within one year after judicial foreclosure sale.
Nebraska	Nonjudicial	No redemption period after nonjudicial foreclosures. Up until court confirms the sale, if foreclosure is judicial.
Nevada	Nonjudicial	No for nonjudicial foreclosures. One year if the foreclosure is judicial.
New Hampshire	Nonjudicial	No.
New Jersey	Judicial	Yes, during 10-day objection period after the sale and up until the court issues an order confirming the sale if objections are filed. Also, if foreclosing lender gets deficiency judgment; redemption period is six months after deficiency judgment. To redeem, borrower must pay amount of foreclosure judgment plus interest, costs, and certain expenses.

## Pre-Foreclosure / Auction List

New Mexico	Judicial	Yes. Borrower may redeem within 9 months; however, this period may be reduced by the mortgage or deed of trust to no less than one month.
New York	Judicial	No.
North Carolina	Nonjudicial	Yes, within the ten-day "upset bid" period after foreclosure sale by paying outstanding mortgage debt plus costs.
North Dakota	Judicial	Yes, within 60 days after foreclosure sale. (If the property is agricultural, within one year after the foreclosing lender files the complaint and summons with the court, or 60 days after the sale, whichever is later.)
Ohio	Judicial	Until court confirmation of foreclosure sale by paying amount of foreclosure judgment plus costs and interest.
Oklahoma	Nonjudicial	Until completion of the sale. (In a judicial foreclosure, until court confirmation of foreclosure sale.)
Oregon	Nonjudicial	No, if the foreclosure was nonjudicial. If the foreclosure was judicial, you can redeem your home within 180 days after the foreclosure sale.
Pennsylvania	Judicial	No.
Rhode Island	Nonjudicial	If the foreclosure was nonjudicial, you don't have the right to redeem your home after the foreclosure. If the foreclosure was judicial, you get three years to redeem after foreclosure sale by paying outstanding mortgage debt plus costs and interest.
South Carolina	Judicial	No. (While there is no post-sale right of redemption in South Carolina, under certain circumstances the homeowner could get the house back by making an "upset bid" after the foreclosure sale.)
South Dakota	Judicial (homeowner can request it)	Yes, generally one year or 180 days, if mortgage contains language that the 180-Day Redemption Mortgage Act governs. If property is abandoned, redemption period is 60 days.

## Pre-Foreclosure / Auction List

Tennessee	Nonjudicial	Yes, within two years after foreclosure. Right of redemption may be waived in mortgage or deed of trust.
Texas	Nonjudicial	No.
Utah	Nonjudicial	Not after nonjudicial foreclosure. Yes, after judicial foreclosure (within 180 days after the sale).
Vermont	Judicial	Yes, within six months after court's decree of strict foreclosure, where the court transfers ownership of the foreclosed home directly to the foreclosing lender, unless the court orders a shorter redemption period, or you and the foreclosing lender mutually agree to a shorter period. In a foreclosure by judicial sale, the redemption period is six months from the date of the foreclosure decree, unless the court orders a shorter time.
Virginia	Nonjudicial	No.
Washington	Nonjudicial	Not after nonjudicial foreclosure or if the court determines that the homeowner has abandoned the home for six months or more. Yes, within eight months after judicial foreclosure sale if foreclosing lender waives right to deficiency judgment; if foreclosing lender fails to waive right to deficiency judgment, redemption period is one year.
West Virginia	Nonjudicial	No.
Wisconsin	Judicial	Yes, after foreclosure judgment but before foreclosure sale by paying amount of foreclosure judgment plus interest, taxes, and costs. (There is no post-sale right of redemption.)
Wyoming	Nonjudicial	Yes, within three months (or 12 months if the property is agricultural) after foreclosure sale.

(The information presenting in this table is considered reliable but should not be used as the basis for legal or financial decisions. Licensed legal and financial professionals should always be consulted.)

THE  
**Leaf Arnold**  
SYSTEM OF REAL ESTATE INVESTING

# PHONE SKILLS







# Phone Skills

## Communication

Communication is more than just words scribbled on a page or the words we speak. Communication is about the conveyance of a message from one individual to another or to a group. It has been defined as, “the imparting or exchanging of information or news,” and “the act or process of using words, sounds, signs, or behaviors to express or exchange information or to express your ideas, thoughts, feelings, etc., to someone else.” (Merriam-Webster Dictionary - <http://www.merriam-webster.com/dictionary/communication>.)

Studies have shown that effective communication has several components. The simplest breakdown starts with “verbal” and “nonverbal” forms of communication. Verbal refers to the words actually spoken in an attempt to communicate. Nonverbal refers to body language and tonal fluctuation when speaking.

In 1967, Albert Mehrabian published two papers, based on separate research studies, in which he discussed the relationship of verbal and non-verbal communication. His focus was on the communications of feelings and attitudes and was intended to gauge a prospects reaction to contradictory communication forms and measure which form of communication had the greater impact. His findings were published and included a simplified equation much like this:

Total Liking =

7% Verbal Liking + 38% Vocal Liking + 55% Facial Liking

This study was extremely limited and has been widely over generalized beyond its initial intent, nevertheless there is still some truths we can glean from Dr. Mehrabian’s study and other similar studies.

Notes:

# Phone Skills

Notes:

## On the Phone

The words we choose to use, body language and tone of voice each contribute to communication. In the absence of any one (or two) component(s) those that are left become more important. During a phone conversation, our communication is limited to our words and our tone. So yes, follow what your mother taught you and choose your words carefully, but be mindful of how you say those words because your tone is a big part of your communication!

The telephone presents a unique set of challenges to communication that can be overcome. The first thing one must do is to be aware of these challenges. Know that your clients will have a much easier time being rude, disengaged, and resistant on the phone. It is much more difficult to maintain the attention of a phone client and overcome distractions, so your time is limited. Lack of body language and eye contact can reduce your effectiveness and make it difficult to establish credibility.

Make sure you have a full bag of solutions to counteract the telephone challenges noted above. Never personalize negativity. Invest time in the relationship to build rapport. Expect objections and be prepared. Be organized and show interest in the client. Consistently get feedback and check for understanding. Take detailed notes. Focus on the client when you listen and parrot back what they are saying to clarify. Use specific, relevant examples.

# Phone Skills

## Telephone Differences

3

Challenges	Solutions
<ul style="list-style-type: none"> <li>• Easier to be:               <ul style="list-style-type: none"> <li>– Rude</li> <li>– Disengaged</li> <li>– Resistant</li> </ul> </li> <li>• Limited Time</li> <li>• No eye contact / Body language</li> <li>• Distractions</li> <li>• Difficult to establish credibility</li> </ul>	<ul style="list-style-type: none"> <li>• Don't personalize negativity</li> <li>• Build Rapport</li> <li>• Be prepared:               <ul style="list-style-type: none"> <li>– Objections</li> <li>– Organized</li> <li>– Show interest</li> <li>– Check – Get feedback</li> <li>– Take notes</li> <li>– Listen / Focus</li> <li>– Be specific with relevant examples</li> </ul> </li> </ul>

Notes:

## 6 Critical Skills

Let's take a closer look at some tools to help you deal with the challenges presented in the previous section. The following 6 skills will assist you to have solutions to these challenges.

Critical skills for your phone calls include, your presence on the phone, relating to the client, asking probing questions, listening skills, the positioning of your presentation or offer, and your ability to check for understanding. Please take a few moments to rate yourself in the chart to the right. On the left-hand side of the chart use a scale of 1 being low to 5 being very strong to rate each skill. On the right-hand side place an **X** in the box next to the skills you feel you need improvement in.

# Phone Skills

Notes:

## Six Critical Skills

2

Strengths		Area of Improvement
	Presence	
	Relating	
	Questioning	
	Listening	
	Positioning	
	Checking	

### Objection Resolution Model

It is crucial that you can handle and recover from objections because they are unavoidable. Here are some steps to help you with this process.

#### Listen to the Objection

Don't jump all over a client as soon as he says, "But what about..." Give him a chance to explain exactly what's bothering him. Don't just tune him out, either – listen. Really listen. You can pick up some valuable clues from the way a client phrases his objection.

#### Say it Back to the Client

When you're absolutely sure the client is done talking, take a moment to think and then repeat back

## Phone Skills

the gist of what he's said. This both shows that you were listening and gives him a chance to clarify.

### Use Empathy and Acknowledgement to Relate

You need to diffuse the emotion. You must validate the concern through genuine empathy. When you do, you'll put the customer at ease, establish rapport and improve the perception of your personal customer experience. Use phrases like:

- "I can understand how frustrating it is when..."
- "I realize how complicated it is to..."
- "I cannot imagine how upsetting it is to..."
- "I know how confusing it must be when..."
- "I'm so sorry to hear that..."
- "I hate that you had to make this call today."
- "I'm glad we talked today so that we can take care of this right away."

### Explore the Reasoning

Sometimes the first objections aren't the client's real concern. For example, many clients don't want to admit that they are having financial struggles, so they'll raise a host of other objections instead. Before you launch into answering an objection, ask a few exploratory questions. Draw the client out a bit.

### Answer the Objection

Once you understand the objection completely, you can answer it. When a client raises an objection, they're actually expressing fear. Your task at this point is to relieve their fears. If you have specific examples,

Notes:

# Phone Skills

Notes:

such as a story from an existing customer or a few statistics, by all means present them – hard facts make your response stronger. Match solution/idea **benefits** to specific needs/concerns.

## **Check Back with the Client**

Take a moment to confirm that you've answered the prospect's objection fully. Usually this is as simple as saying, “Does that make sense?” “How does that sound to you? Or “Have I answered your concern?” Make sure you practice this “check” step regularly throughout the conversation but particularly after answering a detailed question/objection, after presenting ideas/solutions, and before closing or asking for their business.

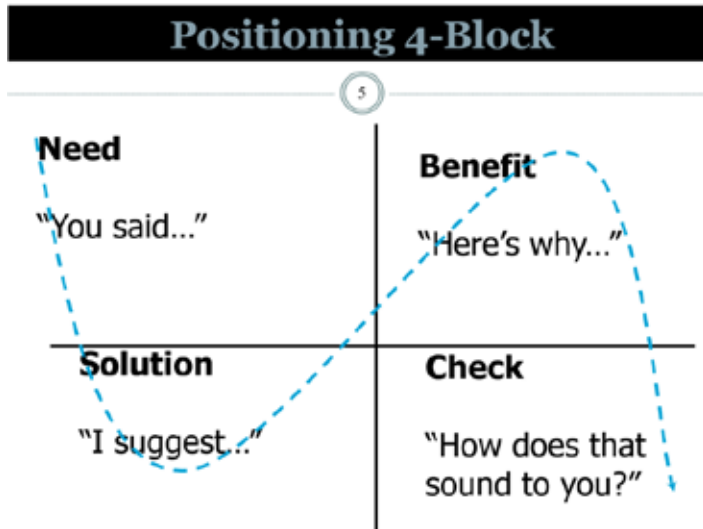
## **Redirect the Conversation**

Bring the client back into the flow of the appointment. If you're in the middle of your presentation when the client raises his objection, then once you've answered it quickly summarize what you'd been talking about before you move on. If you've finished your pitch, check if the client has any other objections, and then start closing the sale.

## **Position, the 4-Block Model**

As you practice talking with people you will begin to recognize when clients express needs. Work to develop a specific way to address these needs. One method is called the 4-Block model. Here is how it works. When a client expresses a need, you must acknowledge by saying “You said...” Next you offer your solution by saying, “I suggest...” This is immediately followed by you clarifying the benefits to your solution by saying, “Here’s why...” Finally, you check for understanding by saying “How does that sound to you?”

# Phone Skills



Notes:

# Phone Skills

---

Notes:





# DIALING FOR DOLLARS





# Dialing for Dollars

## Dialing for Dollars

Talking with people is a critical part of being a real estate investor. Your success is dependent on your ability to effectively communicate to your prospects and convert them to clients. You must be able to engage them in conversation, assess their needs and offer ways that you can meet their needs. You are now in sales. You must learn to approach your prospects as a salesman would. You must sell yourself and sell what you have to offer to the prospect.

## **Receiving Calls**

When someone responds to your marketing letter do not make a quick, uneducated offer. This is the worst thing you can do. You cannot write a good offer before researching the underlying title of the property itself. You must know what is owed so that you will know how to structure the offer. We will talk more about this later.

The first thing you need to do when you answer a marketing response call is to get them talking. You want to assess their pain points. This is the purpose of the initial phone call. Why did they open the letter? Why did they send you an email? Why did they call you? Why did they choose to respond? There must be a reason. What is the pain point that prompted their response? Your first rules of phone solicitation are to identify the pain. Just like a doctor who runs

Notes:

# Dialing for Dollars

---

Notes:

test on you to assess pain points, you must assess the pain point of the caller.

At this stage in the game you are simply collecting information about their need so that you can formulate a way to meet that need later. Remember, it takes an average of 6 touches to complete a sale. This is just touch number one! Let them talk. Ask some probing questions. Build rapport.

Early on verify their phone number - a great reason to have caller ID! If possible verify their other contact info as well before you ask for anything else. This is key for your follow up! Even if the call goes sideways and ends abruptly that does not mean this contact is dead. You can still follow up a month from now or 3 months from now if you have a working phone number. Having a working email address means you can continue to market to them through your CRM (more about this later) using your “drip system marketing” strategy. Keep things in perspective. Remember, 30 calls should lead to 10 qualified leads which should lead to 1 deal.

## **Calling your List**

***Remember that SendFuse will do the COLD CALLING for you!***

Make sure you have scheduled 60 to 90 minutes a day to call your list! It is great when prospects call you directly from your marketing piece, but you cannot wait on all of them to call. You must be proactive, pick up the phone and make all the calls you can.

## Dialing for Dollars

The whole purpose of a mail campaign and outbound calls is to separate prospects and suspects. You want to eliminate bad numbers, time wasters, disconnects, tire kickers, looky-loos and those who say, “take me off of the list.” Eradicate all these people from your list who you cannot or do not want to continue a relationship with.

If you are concerned about the “Do not Call Registry,” don’t be. You are not a registered telemarketing company. This means you do not need to worry about purging your list via the “Do not Call Registry” prior to calling. There is a string of code in the law that says if you are an individual entrepreneur working and conducting business on behalf of yourself then all you need to do is stop calling people when they say take me off the list or if they mention they are on the “Do not Call List.” It is that simple, just take them off your list. The only time you need worry about the “Do not Call List” is if you start calling them after they have told you to take them off of your list or after they tell you they are on the “Do not Call List.” At this point you are in violation of the law.

Afraid of rejection? Don’t be. Often what seems like rejection is not rejection at all. It is just a request for more information. It’s your prospect saying, “I don’t have enough information to make a decision right now. I need to know more.”

Don’t let phone fear freak you out. Don’t allow your mind to play the “what if” scenarios. You may feel as if you are not adequately prepared or equipped yet to be making calls. Do not worry. You do not need all the details about a property before talking with the owner. If you think you do, you will just be wasting countless hours researching

Notes:

## Dialing for Dollars

---

Notes:

properties of homeowners you may not have the opportunity to talk to.

Has it sunk in yet?!? You do not need to know everything to start making phone calls. When you get stumped – the prospect has questions that you do not have answers for, just say: “That is a great question! Rather than give you information that may or not be the correct, let me do some research and I will call you back. I can speak with you again on \_\_\_\_\_ (pick two different days and times to offer them), which of these works for you?”

Presto! You have just established yourself as someone on their side who is willing to go out of your way to make sure you have all the right answers. You have also very cleverly set the next appointment which is exactly what you need to have happen next. Remember 6 touches? So not knowing all the answers turns out to be a good thing.

In the section above called “Receiving Calls,” It was stated that you should be spend time asking questions of your prospect to determine what their needs are. The same applies here. Once this has happened you want to let them know how you can fill those needs and what benefits they will receive by working with you. Sometimes it is enough at this point to simply say, “I can help you with that. Let me do some research and I can call you back. I can speak to you again on \_\_\_\_\_.” Remember it is not about what you want to say but about what they need to hear.

It is a lot like having a verbal dance with people or even flirting. You are just trying to get a relationship going. Stay positive. Keep upbeat during your meeting. Stay in the lead. Even if the conversation

## Dialing for Dollars

goes nowhere, handling things in a professional and positive manner can keep you on the forefront of your prospect's mind for when their situation changes. This is important because it is not uncommon for an investor to get 30-40% of their deals from follow-ups months later after the initial contact.

Energy and enthusiasm are critical while you are on the phone. Stand up while you are on the phone! It will make a difference in your voice and how you talk! In a phone conversation, the tone of your voice has a far greater impact than the words that you say. Did you hear that? **How you say it, means more than what you say!**

Build rapport. Find things that you have in common and talk about those things. Establishing rapport builds a connection. Do not attempt to do this at the beginning of the phone call. If you do it will come across as insincere. Rapport is built throughout the conversation as you discuss the property and even over several conversations. Create mental and visual pictures for them by talking about points of geography surrounding the property or other areas you have in common. It will make it much harder to reject you if they feel connected.

At the end of each call stop, analyze and improve. Not the calls where no one answered or the ones where they hung up on you. We are talking about the calls where you had a conversation with someone. Analyze the results.

Did you do a good job? Did you verify contact information? Did you build rapport? What key needs did the prospect have and did you meet them? Did you set a follow up meeting? What could you have

Notes:

# Dialing for Dollars

Notes:

done differently? Whenever you finish a meeting, whether in person or on the phone, analyze the experience and take notes. Write it down for next time. Learn from each encounter and constantly be improving your skills.

## **Finding Phone Numbers:**

So, you are all set to start making outbound calls but the list you have pulled does not have any phone numbers on it. What do you do? We use the power of the internet that is at our fingertips. Start with a name and an address from your list (or from anywhere else.)

### **SendFuse (Skip Trace):**

SendFuse has a feature allowing you to skip trace the name and the number of the homeowner. This tool is best used when you have just a few numbers to look up. Here are the steps to obtaining the needed information.

- Text **“skip trace \_\_\_\_\_ (insert address)”**
- SendFuse will ask you **“is address \_\_\_\_\_ (inserted address) in the USA?” “Respond with ‘yes’ and we will check the information.”**
- Respond appropriately
- SendFuse will respond, **“We will skip trace the number for this address and get back to you soon.”**
- When the search is complete, SendFuse will respond again with, **“Great! \_\_\_\_ (inserted address) has been skip traced. The number is accessible from your SendFuse Dashboard.”**



# Dialing for Dollars

For more information visit [getsendfuse.com](http://getsendfuse.com).

## **Batchskiptracing.com:**

Our go-to tool for a list of names is an online service called, "batchskiptracing.com. At this site you can take any list that you have downloaded on your computer and upload it into their search engine. They will skip trace each name and return up to 9 possible phone number matches. Some of the names will even have email addresses available. While these numbers are not guaranteed to be accurate, we have found a high percentage of good numbers coming from this service. The list is returned usually within 24 hours.

## **Sample (Post Mail) Phone Script**

Hi, is Mr. or Mrs. \_\_\_\_\_ available? ...My name is \_\_\_\_\_ from \_\_\_\_\_ (your business name) and I'm following up about two different yellow letters we sent you regarding the property located at \_\_\_\_\_ (Address). Have you ever considered selling this property?

### **If Voicemail:**

My name is \_\_\_\_\_ from \_\_\_\_\_ (your business name) and I'm following up about two different yellow letters we sent you regarding the property located at \_\_\_\_\_ (Address). My Firm is interested in purchasing your property for all cash and we can close in as little as 72 hours. Please call me directly on my cell at

Notes:

# Dialing for Dollars

Notes:

\_\_\_\_\_. Again, \_\_\_\_\_ (your business name) @ \_\_\_\_\_ (your number). (Hang up)

**If yes:**

- Ok, great...what can you tell me about this property?
- How long have you owned it?
- Is it vacant or occupied?
- If occupied – can you tell me about your tenants?
- If vacant – how long has it been vacant?
- What is your email address, so I can send you my offer?
- Can we schedule an appointment for \_\_\_\_\_ (choose a date and time according to what your schedule will allow) to view the property?
- What is your cell phone number in case I am delayed?

**If no:**

I am a real estate investor, I buy and sell properties and I am interested in any properties you may know about in your area. Do you know of anyone selling a property? (GET NAME & NUMBER)

**Option to help you collect email addresses:**

I routinely send out pertinent information concerning property values and real estate trends to home owners in your area. With your email address I can make sure you receive this valuable information at no cost. Your email address is? (If you are going to use this then make sure you have a monthly or bi-monthly newsletter that you send out as part of your marketing efforts.)

# Dialing for Dollars

## Outbound Cold Calling Script

### Opening

Hi, this is (NAME) with (COMPANY) I'm a local investor and I'm looking to buy a property in the area. I know this is a shot in the dark ... I'm not sure if I even have the right number, but do you happen to have a property to sell?

If **"yes"**: Move right into collecting info and going into your normal scripting.

If **"no"**: Are you sure ... it'll just take a few minutes and then if you're ever ready to sell you would know exactly what we would pay.

- Sounds good - Do you have about 5 minutes so I can ask you some questions about your property?
- Ok, great ... after that I'll let you know what your options are, and you can just let me know what you'd like to do.

### Contact Information

- May I have your full name, and the address of the property please?
- What's the best phone number for you?
- Where would you like us to email our contact information to?

**Property Condition (Use the property Intake Form)**

Notes:

## Dialing for Dollars

---

Notes:

Now I'm going to run through some quick questions about the property.

- What's the general condition of the house?
- Are there any major or minor repairs you haven't mentioned that need to be done?
- How long have you owned the property?
- Is anyone living in the property right now?
- **\*\*\*If it's a rental property**, ask "how much does it typically rent for?"
- How many bedrooms and bathrooms?
- What's the condition of the roof and windows?
- Have the kitchens or bathrooms been updated within the last 3 years?
- Does the property have any special features?
- Is the property currently listed with a realtor?
- **\*\*\*If yes**, "can I get the contact information for your realtor?"
- Is there anything else you think I should know about the property?

## Property Intake Form

Lead Source: \_\_\_\_\_

### **Owner Information:**

Property Owners Name: \_\_\_\_\_ Date: \_\_\_\_\_

Phone #: \_\_\_\_\_ Cell #: \_\_\_\_\_ E-mail: \_\_\_\_\_

### **Property Information:**

Address: \_\_\_\_\_ City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Ever listed? Yes No      How Long? \_\_\_\_\_ Expired Date: \_\_\_\_\_

Price: \$ \_\_\_\_\_ Canceled? Y N

**Owner occupied:** Y N      **If no, is it rented:** Y N      **Mo Rent:** \$ \_\_\_\_\_

**Lease Termination Date:** \_\_\_\_\_

**Property Style:** Ranch, 2-Story, BiLvl, TriLvl, Stick-Built, Modular, Mobile

**# Beds:** \_\_\_\_\_ **# Baths:** \_\_\_\_\_      **Garage:** # of Cars \_\_\_\_\_ Attached, Detached

**Rooms:** Fam, Rec, Den, Office, Dine, Loft, Sun,      **OutBldg:** Shed, Barn, Dog Pen

**Heating:** FAG, FAE, WoodStv, FirePlc, Solar, ElecBaseboard, \_\_\_\_\_

**A/C:** None, Central, Windows,

**Hot Water:** Installation Date \_\_\_\_\_ Tank, On Demand, NGas, Electric

**Basement Type:** None, Crawl, Partial, WlkOut, Full      **Finishing:** Unf, Partial, Full

Main SF \_\_\_\_\_ Bsmt SF \_\_\_\_\_ Other SF \_\_\_\_\_ Total SF \_\_\_\_\_ Lot Size \_\_\_\_\_

**Property Taxes:** \$ \_\_\_\_\_ **Year Blt:** \_\_\_\_\_ **Year Remodeled:** \_\_\_\_\_

**Property Condition:** \_\_\_\_\_

---

---

---

---

---

**Seller's estimated Cost of Rehab or Repairs:** \$ \_\_\_\_\_

**As-Is Value:** \$ \_\_\_\_\_ **ARV Value:** \$ \_\_\_\_\_ **Asking Price:** \$ \_\_\_\_\_

**Financing:** Is property owned free and clear? Y N      If no, what loans currently in place?



## Property Intake Form

Lead Source: \_\_\_\_\_

### Owner Information:

Property Owners Name: \_\_\_\_\_ Date: \_\_\_\_\_

Phone #: \_\_\_\_\_ Cell #: \_\_\_\_\_ E-mail: \_\_\_\_\_

### Property Information:

Address: \_\_\_\_\_ City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Ever listed? Yes No      How Long? \_\_\_\_\_ Expired Date: \_\_\_\_\_

Price: \$ \_\_\_\_\_ Canceled? Y N

**Owner occupied:** Y N      **If no, is it rented:** Y N      **Mo Rent:** \$ \_\_\_\_\_

**Lease Termination Date:** \_\_\_\_\_

**Property Style:** Ranch, 2-Story, BiLvl, TriLvl, Stick-Built, Modular, Mobile

**# Beds:** \_\_\_\_\_ **# Baths:** \_\_\_\_\_      **Garage:** # of Cars \_\_\_\_\_ Attached, Detached

**Rooms:** Fam, Rec, Den, Office, Dine, Loft, Sun,      **OutBldg:** Shed, Barn, Dog Pen

**Heating:** FAG, FAE, WoodStv, FirePlc, Solar, ElecBaseboard, \_\_\_\_\_

**A/C:** None, Central, Windows,

**Hot Water:** Installation Date \_\_\_\_\_ Tank, On Demand, NGas, Electric

**Basement Type:** None, Crawl, Partial, WlkOut, Full      **Finishing:** Unf, Partial, Full

Main SF \_\_\_\_\_ Bsmt SF \_\_\_\_\_ Other SF \_\_\_\_\_ Total SF \_\_\_\_\_ Lot Size \_\_\_\_\_

**Property Taxes:** \$ \_\_\_\_\_ **Year Blt:** \_\_\_\_\_ **Year Remodeled:** \_\_\_\_\_

**Property Condition:** \_\_\_\_\_

---

---

---

---

---

**Seller's estimated Cost of Rehab or Repairs:** \$ \_\_\_\_\_

**As-Is Value:** \$ \_\_\_\_\_ **ARV Value:** \$ \_\_\_\_\_ **Asking Price:** \$ \_\_\_\_\_

**Financing:** Is property owned free and clear? Y N      If no, what loans currently in place?





## Property Intake Form

Lead Source: \_\_\_\_\_

### Owner Information:

Property Owners Name: \_\_\_\_\_ Date: \_\_\_\_\_

Phone #: \_\_\_\_\_ Cell #: \_\_\_\_\_ E-mail: \_\_\_\_\_

### Property Information:

Address: \_\_\_\_\_ City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Ever listed? Yes No      How Long? \_\_\_\_\_ Expired Date: \_\_\_\_\_

Price: \$ \_\_\_\_\_ Canceled? Y N

**Owner occupied:** Y N    **If no, is it rented:** Y N    **Mo Rent:** \$ \_\_\_\_\_

**Lease Termination Date:** \_\_\_\_\_

**Property Style:** Ranch, 2-Story, BiLvl, TriLvl, Stick-Built, Modular, Mobile

**# Beds:** \_\_\_\_\_ **# Baths:** \_\_\_\_\_    **Garage:** # of Cars \_\_\_\_\_ Attached, Detached

**Rooms:** Fam, Rec, Den, Office, Dine, Loft, Sun,    **OutBldg:** Shed, Barn, Dog Pen

**Heating:** FAG, FAE, WoodStv, FirePlc, Solar, ElecBaseboard, \_\_\_\_\_

**A/C:** None, Central, Windows,

**Hot Water:** Installation Date \_\_\_\_\_ Tank, On Demand, NGas, Electric

**Basement Type:** None, Crawl, Partial, WlkOut, Full    **Finishing:** Unf, Partial, Full

Main SF \_\_\_\_\_ Bsmt SF \_\_\_\_\_ Other SF \_\_\_\_\_ Total SF \_\_\_\_\_ Lot Size \_\_\_\_\_

**Property Taxes:** \$ \_\_\_\_\_ **Year Blt:** \_\_\_\_\_ **Year Remodeled:** \_\_\_\_\_

**Property Condition:** \_\_\_\_\_

---

---

---

---

---

**Seller's estimated Cost of Rehab or Repairs:** \$ \_\_\_\_\_

**As-Is Value:** \$ \_\_\_\_\_ **ARV Value:** \$ \_\_\_\_\_ **Asking Price:** \$ \_\_\_\_\_

**Financing:** Is property owned free and clear? Y N    If no, what loans currently in place?





# TIME MANAGEMENT FOR THE ENTREPRENEUR





# Time Management for the Entrepreneur

## **Making Time For What Matters Most!**

As an entrepreneur, the demands on your time are greater now than ever before. Your responsibilities seem to pile up right before your eyes. Information and communications move at breakneck speeds. Finding ways to fit as much as possible into your day is a daunting task to say the least. With all that you must get done each day you must learn to get more done with less distraction. You need a strategy that maximizes your investment of time.

It has been said that the one great equalizer that all of humanity has is time. No one has more time than anyone else. We all have just twenty-four hours in a day. No more and no less. How we choose to use those hours is what separates us. By scheduling the stuff that matters (from the urgent to the crucial), you'll be spending those hours far more wisely. In addition, you'll be living your days proactively rather than reactively.

You must schedule stuff. This is the only way to stay productive. You must manage time and not allow time to manage you! Not just the appointment-specific stuff mind you, but all the stuff that matters. One method to do this is by scheduling time blocks.

Time blocking requires you to sit down and list those things you want to get done in each time period and then deliberately block out uninterrupted time in your calendar to complete each task. The more specific you can be the better. Writing contracts may take 2 hour a week so block off that time on your

Notes:

# Time Management for the Entrepreneur

Notes:

calendar each week and commit to it. Some activities may take an hour or two and others may take days. Be realistic on how much time you will spend working on each project and then get it on your calendar. Block it out. Now comes the hard part...stick to it!

Scheduling blocks of time doesn't just have to involve work-related stuff. You should include other activities as well. You could block out time every week to have coffee with a friend. This will create a standing appointment for you, so you know it is coming. This could be something you look forward to each week. The value in something like this is in the company you keep and the time it gives you to recharge your batteries. If it is important to you then block it out.

## **Making it Work for You**

Here are a few pointers to make Time Blocking work for you.

### **1. Use Color**

Blocked times should scream out at you when you look at your day planner, online calendar, or task management solution. Create an online calendar with a title that does this, use a vibrant color (perhaps your favorite one) and put all the stuff that you're blocking out time for in that calendar. If you use paper, use a different color pen or write in capital letters to make it stand out among your other items. In a task manager, label or flag it somehow with tags or a similar method that highlights it for you. For things to not be missed (especially when you first start doing them), you need to make sure that your eyes don't miss them.

### **2. Share Your Schedule**

Let your spouse and co-workers know what your blocked-out times are. Post a "DO NOT DISTURB"

# Time Management for the Entrepreneur

sign on your office door so your family or employees know not to interrupt you.

### 3. Stick to the Blocked Times For 30 Instances

To make this a habit, you need time to let it stick. Repeat the blocked time for 30 instances. Not only will the blocked times become part of the flow of your week, but you'll actually discover how crucial these items your blocking out time for are. You'll also be able to figure out how much time you really need, whether or not that time or day works for you and much more. Consider this an experiment...and you're the guinea pig.

### Big Rocks Calendaring Activity

As you sit down and think through your days, weeks and months there should be many things that you write down on your blocking list. Some things to consider include:

- Date night with your spouse
- Homework time with children
- Anniversaries
- Church
- Vacation
- Writing offers
- Making phone calls
- Writing/Mailing letters
  
- Add your own in the notes section =>>

Now that you have made your list it is time to physically block out your calendar. Start with the BIG

Notes:

## Time Management for the Entrepreneur

Notes:

ROCKS first – those non-negotiables in your life, whether they be personal or business. These you need to find time for first on your calendar. Once you have those blocked out move on to the rest of your list.

Use the following pages to practice time blocking. Write in the dates for the rest of this month and for the following 3 months. Now begin writing in blocks of time for each of the events you have listed above. For example, “Making Phone Calls” should be a minimum of twice a week for 2 hours at a time. To accomplish this you might block off, “6-8pm Tuesday” night and “9-11am” Saturday” morning each week.

You can adjust later. For now, just make it all fit on your calendar so you can see it.

As an entrepreneur, you need to develop a keen awareness of what kinds of tasks you are involved in over the course of each month. As an investor, all your tasks falling into one of only two categories. Red Tasks and Green Tasks.

### **Green Tasks**

There are only 3 Green Tasks for the Investor.

- Making offers. - Sitting with a seller with a purchase and sales agreement in hand presenting your offer.
- Negotiating the sale of one of your properties.
- When you are sitting across the table from a private investor asking to borrow money at advantageous rates – the “marriage proposal!!!”

These tasks all put money in your pocket. These tasks you, as the investor and CEO of the company, need to be doing personally. These tasks must show



# Time Management for the Entrepreneur

up on your calendar every month or your business will have problems!

## Red Tasks

Red tasks for the investor are all other tasks not listed above. Many of these are necessary jobs that must be done. They are important. You cannot ignore them, but they do not directly put money in your pocket. These are the tasks that you could and should pay an assistant to do.

Take a moment to focus on your business tasks. Highlight all your business tasks either Green or Red on your calendar. Your personal tasks can be left alone or highlighted a 3<sup>rd</sup> color. Now step back and look at your calendar. Are you bleeding to death in your business or is there some green on the calendar? If all you see is red, then something needs to change now. Use this as a quick check on the pulse of your business.

## Maximizing Your Time to Become Successful

Many studies have been made of people who are successful in business and in life. These people tend to have common traits. They are great at making the most of their time. They have internalized the old adage that "TIME IS MONEY."

Here are five things successful people do to maximize their time.

Notes:

# Time Management for the Entrepreneur

---

Notes:

## **1. They Delegate**

Successful people know that they are not the best at everything, so they find people that are smarter and more efficient to do certain tasks. They leverage the knowledge and the abilities of these persons and get more out of their time.

## **2. They Break Down Their Goals**

Having a mighty wall to climb over may lead to procrastination and frustration. Successful people know this. That is why they break down their goals into chunks that can be achieved in the shortest span of time. They believe in consistency and working regularly to make the most of their time and attaining big goals.

## **3. They Prioritize**

Some things are urgent yet not important. Some are important and not urgent. They make a balance with the tasks before them as to ascertain what is urgent and important and deserves their immediate attention. With this they can determine actionable results. Author Steven Covey is credited with this saying, “the key is not to prioritize what’s on your schedule, but to schedule your priorities.” Meaning you must determine what are the most important things you must accomplish daily. Then list those tasks in order and decide on how to accomplish this task list. Covey once again said “the essence of time management: organize and execute around priorities.” Once the important tasks are organized, then there needs to be a strategy to focus on the “putting first things first.”

## **4. They De-Clutter Their Lives**

According to “Pareto’s principle,” only 20 percent of our actions drive 80 percent of the positive results

# Time Management for the Entrepreneur

in our lives. The other 80 percent of our actions only produce 20 percent of results. Successful people know that a lot of time can be wasted in small talk, having no plan or not following a plan. They focus on the 20 percent actions that will produce 80 percent results while they either eliminate or delegate the other 80 percent that offers 20 percent results.

## **5. They Make A Self-Assessment of Their Time**

Successful people, unlike unsuccessful people, keep themselves accountable for how they use time. They make a self-examination in written journals to identify the time wasters in their lives. They identify areas, like spending too much time social media, as time wasting activities and do well to be more accountable on how such time is spent.

## **Increasing Productivity**

Not only do successful people make conscious efforts to do things differently than most, they also understand that there are things they must give up to be successful. They follow a set of self-induced rules.

Success is not something that happens by accident. If you want it bad enough, you will get it but you will have to take action to make it so. Below you will find five habits that successful people give up increasing their productivity.

### **1. They Don't Work in Their Comfort Zone**

What is your comfort zone? Your comfort zone is defined as "A psychological state in which a person feels familiar, at ease, in control, and experiences low anxiety." Getting get outside of your comfort zone doesn't mean that you should strive for a constant state of anxiety and stress. It simply means that, to

Notes:

# Time Management for the Entrepreneur

Notes:

grow, you should try new things and expand your horizons. Start by picking something you have never tried before the next time you go out to eat.

The reason we are comfortable in our comfort zone is because we are not taking risks when we are in this state. When we live in our comfort zones, we are living life like hamsters on a wheel, going around and around in a constant cycle, but going nowhere in our lives.

Famous motivational speaker, Les Brown, said it best with, "If you put yourself in a position where you have to stretch outside your comfort zone, then you are forced to expand your consciousness."

## **2. They Don't Do Without First Learning**

Learning is what we do best. The greatest thing about learning is the benefit that we receive in all aspects of our lives. Successful people strive to continue learning new things and expanding on things that they already know.

If we stop learning, then the only thing we can do is settle with what we already know; if we settle for that, then there is no way to expand our minds. Expansion is essential on the path to success. Since our minds require learning for expansion, we must never stop seeking new knowledge.

## **3. They Don't Fear Asking for Advice**

Richard Branson, a famous entrepreneur, stated, "When you need to make hard decisions, being able to discuss your ideas with entrepreneurs and business leaders who have solved similar problems can make all the difference."

Asking for advice is not always easy. We think that we have the same opportunity as everyone else and

# Time Management for the Entrepreneur

sometimes feel insecure and dependent, so we decide not to ask for advice, and try to figure it out ourselves. But this could be greatly limiting us from reaching our full potential, because the advice we might be seeking could be something that somebody knows very well.

Lee Arnold is a big proponent of aligning yourself with a group of entrepreneurs that you bounce ideas off. Therefore, he himself is a member of two different Masterminds.

#### **4. They Don't Get Lost In The Small Details**

When life gives us seemingly endless opportunities, it is very easy to get lost in the small details. The small details are very easy for us to become focused on, thus causing us to miss out on the overall vision, also known as the "big picture".

Focusing too much on the smaller details constricts your ability to see how everything ties together. Much of our lives hinge upon the connections that we make with others and with ourselves. If we get lost in the small detail, it is like having missing pieces to a puzzle. How are we supposed to solve that?

Hire other people to focus on the details. This is what employees are for. Your job, as the CEO of your company, is to cast the vision. Push the boundaries. Grow your employees and your company.

#### **5. They Don't Multitask**

Multitasking is typically viewed as a skill that only certain people possess. But truth be told, nobody actually has the ability to multitask. Multitasking is known to decrease productivity. Those who are

Notes:

# Time Management for the Entrepreneur

Notes:

successful focus on one specific task and do that task to the best of their ability without interruption.

When you multitask, you limit your ability to fully focus on one specific task at a time. Successful people utilize the talents and abilities that they have by focusing it on one task and one task only.

## **Self-Management not Time-Management**

Success is more about mindset than anything, and if you always have a negative mindset, life will reward you with negative outcomes to deal with.

Joel Osteen once said, "You cannot expect to live a positive life if you hang with negative people." So, if you wish to be successful, don't focus on the negativity that others bring.

Successful people don't live from crisis to crisis. They plan, prepare and prosper. They do this by prioritizing the things that need to be done in any given time period. Then they execute a plan that will bring them the lasting feeling of accomplishment. They are referred to as "Quadrant II" kind of people.

In order to understand what a "Quadrant II" person is, we need to understand that there is a time matrix that is associated with Steven Covey and his body of work. The time matrix is used in the book "The Seven Habits of Highly Effective People" Covey explains the four quadrants that explain how people handle time management. Really, time management is about self-management. Covey said, "the challenge is to manage ourselves, not manage time."

The time matrix is made up of four quadrants that are characterized as "not important" and "important",

## Time Management for the Entrepreneur

“urgent” and “not urgent”. It is important not to let the urgent squeeze out the important. Here is a brief description of the four quadrants.

Quadrant 1: this is where you are putting out fires and are always missing deadlines. Unfortunately this is where most people live. Because of the choice to live here they have allowed the urgent to trump the important. The consequences are a lack of focus on what is important, and a very scattered and cluttered life.

Quadrant 2: this is where the important is accomplished and the urgent is planned for and preparation is made to avoid any unexpected crises. Allow me to mention that no system can help you avoid the unplanned and unexpected, but those who operate in this quadrant are better prepared for life’s little surprises.

Quadrant 3: this is the quadrant where the urgent and not important consume the majority of the time of the worker. Things like interruptions, and some meetings are a waste of time. It’s not that these things in themselves are unimportant, it’s that these things keep us from accomplishing the tasks that are ongoing and require time and planning.

Quadrant 4: this could be classified as the area where people who don’t want to face the daunting tasks ahead of them consume their days with things that don’t matter. Not only do these not matter, but they will not help anyone move closer to their goals.

For a closer examination of this subject refer to [www.planetofsuccess.com/blog/2015/stephen-coveys-time-management-matrix-explained/](http://www.planetofsuccess.com/blog/2015/stephen-coveys-time-management-matrix-explained/)

Notes:

# Time Management for the Entrepreneur





Month:

Sun.	Mon.	Tues.	Wed.	Thurs.	Fri.	Sat.

Month:

Sun.	Mon.	Tues.	Wed.	Thurs.	Fri.	Sat.

Month:

Sun.	Mon.	Tues.	Wed.	Thurs.	Fri.	Sat.

Month:

Sun.	Mon.	Tues.	Wed.	Thurs.	Fri.	Sat.



# BUYING & SELLING STRATEGIES





# Buying & Selling Strategies

---

## Strategies

You have pulled your lists, you have called and followed up on your leads, you have a deal in the works but how do you structure the deal to make it a sound and profitable investment? As you think through this process you must understand that there are good strategies for acquisition of properties, there are good strategies to sell properties, but not all strategies are good for both buying and selling. Let's examine the options closer. The options that you exercise are based on where you are in the Real Estate Marketing Cycle. These are the strategies that you should focus on without abandoning other strategies.

### **Cash All Up Front**

Paying all cash up front is the simplest way to buy or sell property. It allows for a very quick transaction. Let's face it everybody likes cash. Because of this, you can use a cash purchase to your advantage as you negotiate the purchase price. (This will be discussed more in the "Writing Offers" section.)

The downside of an all cash purchase is that you will be tying up your cash for a period of time. This may or may not be a concern for you depending on the length of time it will be tied up and the amount of your cash reserves.

As a seller, an all-cash deal is typically a no brainer. Take the cash and run all the way to the bank.

Notes:

# Buying & Selling Strategies

---

Notes:

## **Traditional Financing**

As a buyer, traditional financing can be a very cost-effective way to purchase investment property. Traditional financing is certainly more cost effective than a hard money or private money loans. The problem with most traditional financing institutions is that they are not lending to investors.

Real estate investors became the scapegoat for the financial meltdown of 2008 and 2009. Due to this, traditional financial institutions have, “blacklisted” investors. If you can find a traditional lender who will provide your capital, jump on the opportunity for cheap money but chances are you will have to find an alternate source of funding.

As a selling proposition, traditional financing is almost as good as cash. If you are selling to homeowners, this will be the most common scenario. In doing so, the property will have to meet financing requirements so make sure you plan on this option up front during your rehab and you should have no issues.

### **Fannie Mae Property Requirements**

The mortgaged premises must be:

- residential in nature as defined by the characteristics of the property and surrounding market area (see B4-1.3-03, Neighborhood Section of the Appraisal Report);
- safe, sound, and structurally secure (see B4-1.3-06, Property Condition and Quality of Construction of the Improvements);
- adequately insured per Fannie Mae guidelines for property and flood insurance (see B7-3, Property and Flood Insurance);
- the highest and best use of the property as improved (or as proposed per plans and specifications), and the use of the property must



## Buying & Selling Strategies

- be legal or legal non-conforming use (see B4-1.3-04, Site Section of the Appraisal Report);
- readily accessible by roads that meet local standards (see B4-1.3-04, Site Section of the Appraisal Report);
- served by utilities that meet community standards (see B4-1.3-04, Site Section of the Appraisal Report); and
- suitable for year-round use.

Note: Certain aspects of the location of a property will require special consideration. For example, properties in resort areas that attract people for seasonal or vacation use are acceptable only if they are suitable for year-round use.

<https://www.fanniemae.com/content/guide/selling/b2/3/01.html>

### Subject To

This method of purchase is becoming increasingly popular for investors. The “Subject To” method, is better understood as “Subject to Existing Financing” that is already in place on the property.

In this form of purchase the terms of the note that was initially created between the lender and the owner stay the same. That includes the name on the original loan. In other words, the loan is not assumed. The terms created between the buyer and the seller are between the two of them. You just need to make sure you follow, to the letter, the terms set up when the loan was conceived.

It sounds complicated, and some people even think it is illegal, but it can be safe, relatively easy, and a profitable way to purchase properties.

Notes:

## Buying & Selling Strategies

---

Notes:

What about the "due on sale" clause? This is the most common question asked by the investors (not the sellers.) This one concern oftentimes keeps numerous investors from purchasing properties using the "subject to" method. Here is what you need to know about the due on sale clause.

The "due on sale" clause states that the lender has the right to call the entire note due if any of the terms of the initial agreement are not met, such as payments being paid or transfer of the deed without paying off the original loan.

Understand that the job of a lender is to collect payments. They loan out money at a higher interest rate than they are paying and create their cash flow from the difference on that spread. If a loan was at 8% or 9%, why would a lender call that loan due to have it financed at a lower interest rate? They would be cutting their own profit. This holds true if current interest rates are below the rate on the loan that is in place.

Now, if the payments were not being made, and it was a non-performing loan, they have the right to foreclose to recapture their property, so they can sell it again. The question is, "Is it in their best interest to do so?"

Everyone is so worried about what will happen to the buyer or seller of the home if a loan is called due. Let's look at the other end of it. What would happen to the lender if they called that loan due?

When a lender has taken back a property either by foreclosing or calling a note due, they are "punished" by the Federal government for having a non-performing loan. The loan now becomes what is called "bad debt." When any loan that becomes a non-performing loan (meaning the loan is on the "books" of that lender, and

## Buying & Selling Strategies

payments are not being collected on that loan), then it is considered a bad debt. When this happens, the government will not allow eight times that amount to be loaned out by the institution that is holding that bad debt.

In other words, if a bank has \$100,000 in bad debts, that means they cannot loan out the amount of \$800,000 because the government is punishing them for having that non-performing loan on their "books." Once you understand this, it becomes easy to see why it may not be in the best interest of the bank to activate the "due on sale clause."

[Note: One of the disclosures on an FHA-insured loan requires that the lender contact HUD for permission to foreclose a mortgage on a property that was transferred without paying off the loan (subject to).]

### **Personal Liability & Subject To**

Most people do not realize that by purchasing homes "subject to" they are in total control. You own the home; they own the loan. You have the deed to that property.

Let's try to understand this a little better. When a property owner sells his home "subject to" the existing mortgage, the buyer must make the payments on the mortgage or lose the property by foreclosure. (That is the same as if the seller were not making payments on his loan.) Remember that the seller's name is still on the original mortgage however, meaning the foreclosure shows up on the seller's credit record. Such a foreclosure on a "subject to" mortgage will adversely affect the seller's credit record, not the buyer's.

Even though the foreclosure does not show up on the buyer's record, you, as the buyer, will lose the property if you do not make the payments and the bank forecloses. More importantly you must understand that

Notes:

## Buying & Selling Strategies

---

Notes:

you ARE morally and contractually obligated to make the payments you agreed to even if the threat of a foreclosure on your record is not there. Your word is the most important thing you have. Keep it!

### **Will Sellers Actually sell Subject To?**

Why would someone give you their deed in this way? The two main reasons are "time" and "debt relief." If someone is being transferred because of their job, getting divorced, buying a new home, or financially strapped, you can buy their property TODAY, so they can move tomorrow, or you can offer that seller instant debt relief and help them out of their situation.

### **Lease Options**

When it comes to marrying real estate investing with the ability to help people, nothing matches the strategy of using lease options. Lease options allow you to make money through real estate investing while helping people achieve the dream of home ownership.

A real estate "option" is the right to buy a property at a specific price within a specified period. But even though you have the right to buy, you do not have an obligation to buy the property if you chose not to exercise your option. A "lease option" couples a real estate "option" with a "lease" on the property.

With a lease option, a tenant is placed in a position to ultimately own the property they are renting. The tenant makes a non-refundable deposit (called "option consideration") for the right to ultimately buy the home by some previously agreed upon date. The lease option tenant also makes monthly rental payments and handles minor maintenance.

When home buyers have bad credit, but do have enough money for a down payment, they are perfect

## Buying & Selling Strategies

---

candidates for a lease option. They can't qualify for a new loan now, but if the option term is two to three years, they have the time they need to clean up their credit and qualify for long-term financing.

So, a lease option helps these home buyers by giving them an avenue into the real estate market and provides you with cash up front from the option consideration, monthly cash flow from the rental income, and a large chunk of cash when your lease option tenant exercises the option to buy.

If the buyer cannot exercise the option to buy in the specified time, you keep the option consideration and monthly payments, and find another lease-option tenant.

This makes lease options a great way to make money while helping people. You earn income from your occupied property while helping others achieve their dream of home ownership. Truly win-win.

One note of caution. The laws governing Lease Options differ from state to state. You should always check the laws of the state you are working in as to the benefits and liabilities of using the Lease Option strategy. (This recommendation holds true for all the strategies discussed here in.)

### Contract for Deed

In a contract for deed, the purchase of property is financed by the seller rather than a third-party lender such as a commercial bank. The arrangement can benefit buyers and sellers by extending credit to homebuyers who would not otherwise qualify for a loan. Even some public and nonprofit housing advocacy organizations have used the contract for

Notes:

## Buying & Selling Strategies

---

Notes:

deed as a tool to help low- and moderate-income households attain homeownership.

Here are some of the basic facts and features of the contract for deed and suggestions for minimizing the risks associated with this mortgage substitute.

### **Facts and Features**

A contract for deed, also known as a "bond for deed," "land contract," "Agreement-for-Deed," or "installment land contract," is a transaction in which the seller finances the sale of his or her own property. In a contract for deed sale, the buyer agrees to pay the purchase price of the property in monthly installments. This may or may not include a negotiated down payment. The buyer immediately takes possession of the property, while the seller retains the legal title to the property until the contract is fulfilled. The buyer has the right of occupancy and, in states like Minnesota, the right to claim a homestead property tax exemption. The buyer finances the purchase with assistance from the seller, who retains a security in the property.

The contract for deed is a much faster and less costly transaction to execute than a traditional, purchase-money mortgage. In a typical contract for deed, there are no origination fees, formal applications, or high closing and settlement costs. Another important feature of a contract for deed is that seizure of the property in the event of a default is generally faster and less expensive than seizure in the case of a traditional mortgage. If the buyer defaults on payments in a typical contract for deed, the seller may cancel the contract, resume possession of the property, and keep previous installments paid by the

## Buying & Selling Strategies

---

buyer as liquidated damages. Under these circumstances, the seller can reclaim the property without a foreclosure sale or judicial action. However, laws governing the contract-cancellation process differ from jurisdiction to jurisdiction and the outcome may vary within any one state, depending on the contract terms and the facts of the specific case.

It is imperative that the seller includes language in the contract that specifically limits any equitable interest the buyer may have in the property during the term of the contract. You should research the laws governing contract for deeds in your state and consult your legal counsel prior to the use of any contract but a clause like this should suffice. "...in the event of any breach of this agreement or default on the part of the purchasers of any kind whatsoever the sellers may without notice to the purchasers exercise the following options; (a) to terminate this agreement and retain all sums of money theretofore paid by the purchasers as liquidated damages and/or the reasonable rental value of said land, and to re-enter said premises and take possession thereof fully and to all intents and purposes as if the purchasers had no interest in said property whatsoever, or (b) to accelerate all sums of money secured by this agreement whether due by the literal terms hereof or not, and to foreclose this agreement in accordance with the rules of practice applicable to vendor's liens, in which event the purchasers agree to pay all costs of collection and foreclosure, including a reasonable attorney's fee."

The contract for deed may appear to be essentially a rent-to-own arrangement. However, in a typical

Notes:

## Buying & Selling Strategies

---

Notes:

contract for deed, the buyer becomes responsible for the obligations of a mortgagor in possession, such as maintaining the property and paying property taxes and casualty insurance. In addition, unless prohibited by the contract, either party may sell his or her interest in the contract. Because of this right, it is strongly suggested that you restrict the purchaser's ability to assign the contract through a clause like this: "...This agreement is not assignable without written permission from seller."

The IRS generally treats a contract for deed as a sale, which means the buyer has the tax benefits of ownership. Thus, the payments of interest that are made by the buyer in possession are deductible as "mortgage interest," even though the buyer does not have legal title to the property.

A contract for deed seller must report the transaction as an installment sale on form IRS Form 6252. Once sold, the seller cannot claim depreciation or any other tax benefits of the property. If the buyer defaults on the contract and the seller exercises his legal option to reclaim the property, the tax code treats the transaction as a foreclosure.

### **Speed, Simplicity Appeal to Buyers**

Homebuyers may be attracted to a contract for deed purchase for several reasons. This method may be especially appealing to homebuyers who do not qualify for a mortgage, such as people who work cash jobs and are therefore unable to prove their ability to make payments. Since the contract for deed process is significantly shorter than the mortgage-approval process, it may attract buyers who face time constraints or have limited options, such as people who are losing their homes to foreclosure. First-time



## Buying & Selling Strategies

---

homebuyers who lack experience in the market or individuals who are wary of traditional financial organizations may also choose a contract for deed because of the relative simplicity of the buying process.

The caution for those that are first-time homebuyer is to buy something that one can afford the payments. The problem is some first-time homebuyers want what their parents worked hard for 30 years in their first few years. The results can be disastrous. Imagine the first-time homebuyer has a great job and can afford the home with the income afforded through their job. What happens if the homeowner loses their job? They can't afford the payments and could lose the house. This is a very stressful situation for the homeowner. If one month's payment is missed there is no imminent danger, but it is a sign of things to come. The lender will send a notice to the homeowner and encourage payment so that the home does not go into foreclosure. This is what is known as pre-foreclosure

What is a pre-foreclosure? It is a process that identifies the property owner as one with late mortgage payments, and the lender has issued a Notice of Default (in non-judicial foreclosure) or a lis pendens (in judicial foreclosure) to the borrower. The borrower can still make payments and pay the loan amount to stop a foreclosure. But, if payments are not made, the lender will move to foreclose.

Could the homeowner in this situation be looking for a few other options other than losing the house? Yes. The homeowner is looking for a way to keep the house or a way to keep their credit report unmarred. This is where the real estate investor comes in, to help the homeowner. Before the property goes to a foreclosure auction, the homeowner still has options.

Notes:

## Buying & Selling Strategies

---

Notes:

It is important that you as an investor are aware of the homeowners who need your assistance. You can visit your Title Company and request a list of these homeowners who are in danger of losing their home. Once you obtain this list you can contact these homeowners and set an appointment with them to discuss their options. They are motivated to do something about their situation lest they lose their home. Your strategy is to find a win-win scenario where you can help them avoid foreclosure, and you can purchase their home before it goes to the auction. There are many strategies that can be employed in this scenario, we will not discuss them here.

Remember help the homeowner first, and then they would be willing to discuss the purchase of their home. No one including the lender wants the house to go into foreclosure if it can be avoided. Once the house goes into foreclosure, there is a chance that no one will buy the house, and then the house is vacant. The lender then is responsible to maintain and repair the home until it can be sold. It could even be sold for less than the lender is owed. This is known as a short sale.

### **Short Sale**

Technically a short happens whenever the sale of real estate generates proceeds that are less than the amount owed on the property. A real estate short sale occurs when the lender and borrower decide that selling the property and absorbing a moderate loss is preferable to having the borrower default on the loan. It is therefore an alternative to foreclosure.

Real estate short sales can be done only by mutual consent of borrower and lender. Both parties can benefit greatly from this type of transaction. Borrowers can avoid having a foreclosure appear on their credit

## Buying & Selling Strategies

report, while lenders can avoid substantial fees associated with foreclosure.

When lenders agree to do a short sale in real estate, it means the lender is accepting less than the total amount due. Not all lenders will accept short sales or discounted payoffs, especially if it would make more financial sense to foreclose; moreover, not all sellers nor all properties qualify for short sales.

The purchase or sale of a short sale can have legal implications. For protection, all borrowers should obtain legal advice from a competent real estate lawyer and speak to an accountant to discuss short sale tax ramifications. Only licensed lawyer or a CPA can give advice on these consequences.

Except for certain conditions pursuant to the Mortgage Forgiveness Debt Relief Act of 2007, be aware the I.R.S. could consider debt forgiveness as income, and there is no guarantee that a lender who accepts a short sale will not legally pursue a borrower for the difference between the amount owed and the amount paid. In some states, this amount is known as a deficiency. A lawyer can determine whether your loan qualifies for a deficiency judgment or claim.

### **Basics of a Short Sale**

Banks grant short sales for 2 reasons: the seller has a hardship, and there is not enough equity in the home to pay off the mortgage after paying costs of sale. A few examples of a hardship are:

- Unemployment / reduced income
- Divorce
- Medical emergency
- Job transfer out of town
- Bankruptcy
- Death

Notes:

## Buying & Selling Strategies

---

Notes:

The seller will need to prepare a financial package for submission to the short sale bank. Each bank has its own guidelines, but the basic procedure is similar from bank to bank. The seller's short sale package is likely to consist of:

- Letter of authorization, which lets your agent speak to the bank.
- HUD-1 or preliminary net sheet
- Completed financial statement
- Seller's hardship letter
- 2 years of tax returns
- 2 years of W-2s
- 30 days of payroll stubs
- Last 2 months of bank statements
- Comparative market analysis or list of recent comparable sales

It is not a foregone conclusion that a bank will accept a proposal to enter a short sale. If the bank does agree to the short sale typically, they will require the property to be listed. The seller and their real estate agent will pursue buyers in much the same way as a traditional sale.

After the seller accepts an offer, the listing agent will send the following items to the bank:

- Listing agreement
- Executed purchase offer
- Buyer's pre-approval letter, copy of earnest money check, and proof of funds
- Seller's short sale package

If the package is incomplete, the short sale process will be delayed. In this event, the bank might even reject the package outright and the whole process starts over.

## Buying & Selling Strategies

---

Once the short sale offer is accepted by the bank the sale can proceed much the same as a traditional sale. Note that this process can be very protracted taking 60 to 120 days or more. Keep this in mind when considering the negotiation and/or purchase of a short sale.

### Wholesaling Real Estate

The great thing about wholesaling real estate is that you don't need to take ownership of that property. Once you have the property under contract, you assign the contract to another buyer who will close on the property in your place. There is no risk, and you can do it with little or no money down! You can make big bucks from property you don't own! Let's look at how easy wholesaling real estate is:

#### **Step One: Find a Property**

If you are advertising correctly, your phone will ring off the hook. Find a property with sufficient equity and get busy. Let's use the example of a property worth \$100,000 that you negotiate down to a buying price of \$55,000. You fill out your sales contract with the homeowner as the seller and you as the buyer.

One of the first lines on the sales contract is a place for the buyers' name. This is a good place to include the wholesale language "and/or assigns." You will put your business name on the buyer's line and then state "and/or assigns." Even though all contracts should be assignable unless they specifically say otherwise, this strategy gives you specific authority to assign the contract to a third party.

Please note, almost all industry approved real estate sales forms do include language that prohibits the assigning of a contract. Therefore, it is never recommended that you look for property off the MLS if

Notes:

## Buying & Selling Strategies

Notes:

you are wholesaling. Real estate agents must use the industry forms. If you work directly with the seller it is much easier to write your own contract and be able to wholesale the property.

Bank owned property is another poor choice for a wholesale strategy. Banks do not accept the "and/or assigns" language.

If you want to wholesale off the MLS or using REO property you will have to close on the property first and then turn around and re-sell it to the end investor. Keep in mind that states regulate the frequency at which a property can be sold, and you may have to wait up to 120 days to complete this type of wholesale deal.

To make the contract binding, you must leave a deposit with the homeowner at the time of signing. When working with real estate agents the deposit can be in the hundreds or typically thousands of dollars. PLEASE KNOW THAT THIS IS NOT REQUIRED! An amount as little as \$1 is all that is needed depending on state requirements. It is recommended to use \$10 as your basic deposit amount (or the minimum for your state.) This way, if you are unable to wholesale the property, you are not out a lot of money.

\$10! Who would take that? You would be surprised. If you are confident in your offer and explain that this is your standard contract, most will accept it without question. Try something like this: "We typically give a \$10 deposit and close in 45 days. That won't be a problem, will it?" They always say, "Okay." The only reason a homeowner won't take \$10 is because of the way you present it. Speak with confidence.

### **Step Two: Start Building Your Buyers List**

This is a list of rehabbers who will buy your wholesale properties. First run an ad in the paper, on

## Buying & Selling Strategies

Craigslist and anywhere else you can think about, that says something like:

Handyman, investor special

**Great deal for rehabbers!**

555-555-5555

OR

**Investor special**

Thousands below market--Won't last!

555-555-5555

When investors begin calling, get their information. Take their name, number, and email, and put that information in a database. The next time you find a deal, you'll have a list of buyers. Run your ads for sixty to ninety days. Even if you sell your property the next day, keep the ads running. Tell those that call that your inventory has been depleted but you are constantly renewing it. Ask what kind of property they are looking for. Tell them you will reach out when you get the next property under contract.

Every time you get a deal under contract, email your list and boom--the deal will be gone. Remember, the faster you find a buyer, the faster you get paid.

### **Step Three: Negotiate a Deal with Your Rehabber**

This is how a wholesale real estate transaction might look. Say the house will be worth \$100,000 ARV. The homeowners are distressed--either they are behind in their payments or facing foreclosure. They must move quickly.

Say they owe \$50,000 on the property, and they need \$5,000 to move and pay deposits for their new place. (Remember, you know this because you have

Notes:

## Buying & Selling Strategies

Notes:

asked them what they need from the deal.) You offer them \$55,000, and they accept.

The house is worth \$100,000 ARV. You figure it will take \$15,000 in repairs to get it to market condition. You have a rehabber lined-up, who will pay 65% of the retail value. You sell it to him for \$65,000, making \$10,000 as your assignment fee.

The new price is \$55,000 to the homeowners plus \$10,000 to you for putting the deal together. The rehabber will fix-up the property and make the difference between the \$65,000 and the \$100,000 market value.

If the rehabber does a good job on the property and keeps rehab costs low, the potential profit is \$15,000 to \$20,000. Not too bad either!

### **Step Four: Prepare for Closing**

Using your investor-friendly title company, move towards a closing. The beauty about title companies is that they do all the work for you. All you must do is find the deal, wholesale it to your rehabber, and go to closing to collect your check. The title company does the rest. It can be that simple!

### **Equity Partner**

A typical scenario using an equity partner goes like this. You the investor have found a great property to fix and flip. You have the property under contract. You have completed all your due diligence and you have concluded that there is a strong profit potential in the property. You just have one problem...no capital to make the purchase and conditions will not allow for any form of owner financing. What do you do?

You consider a private money loan, or you can pursue an Equity Partner. This partner typically



## Buying & Selling Strategies

provides the capital needed to complete the purchase and rehab of the property while you contribute the property itself and manage the rehab. When the property is sold the profits are split according to a previously agreed upon formula.

### **Avoiding the Pitfalls of Equity Partners**

- Define the roles of everyone involved in writing. - Who will do what? Who has the authority to make decisions? The clearer you make this up front the better the relationship will be.
- Use an entity to protect personal assets. – Your personal assets should be insulated from your business and from your equity partner. The only way to accomplish this is to operate through a business entity that provides asset protection.
- Identify conflicts of interest up front. – You may be the best of friends, but reality says you should not have the same attorney as your equity partner. Deal with these kinds of conflict of interest sooner rather than later. You will be glad you did.
- Put all agreements in writing. – It is nice that you are gentlemen and can conduct business on a handshake but if you do not write it down, you will regret it! All agreements, understandings, alterations to agreements or understandings must be in written form and signed by both parties. It is a pain, but it **MUST** be done!
- Make sure you have a contingency up front if more money is needed. – Who will be bringing this to the table? Spell it out now.
- Consult qualified legal and investment counsel concerning all your investments and partnerships. This seems like a no brainer. Do not try to cut corners here. Just do it!

Notes:

# Buying & Selling Strategies

## Summary of Buying and Selling Strategies

Buying Strategies	Types of Deals	Selling Strategies
Yes	Cash all up front	Yes
Yes	Wholesale	Yes – get a license & get commission
No	*Lease to Own (LO) (lease option)	Yes – Depends on your investment strategy
Yes	Equity Partner	N/A
Yes	*Subject to – take over	No
Yes	Short sale	No – you lose \$
Yes	Auction (only an attorney can hold an auction)	Do it under another name.
No	Listing	Yes – get a license & get commission
Yes	Traditional Finance	Yes
No	*Contract for Deed	Yes – Depends on your investment strategy
Yes	*Seller Carry	Yes – Depends on your investment strategy
*Forms of Owner Finance – Land Contract		





# Title & Liens / Property Research

## Property Title

A property title is a simple document that states the right of ownership or deed for a parcel of real estate. It is the means whereby a person's right to property is established. The title serves as the recognition of ownership. It is typically written in a formal manner, signed by both a seller and a buyer, and notarized.

Once signed it is imperative that the document be recorded with the appropriate recording agency, typically the county recording office. In most jurisdictions, this record now becomes public record and is searchable by anyone.

## Understanding Liens

Liens are encumbrances against the title of a property, which means that they can prevent a real estate transaction from taking place. A lien indicates that a party, which can be an individual or a business entity, has interest in the property. The process of finding out liens on a property title usually takes place during a mortgage or home sale transaction.

The most common type of lien is a mortgage or line of credit on a property. These liens have a monetary amount attached, which must be satisfied before a home can be sold under most circumstances. These liens can usually be paid off at

Notes:

## Title & Liens / Property Research

---

Notes:

the closing table, and in some circumstances a buyer may assume responsibility over the debt.

Other liens are the result of legal actions taken by creditors, contractors or other parties that wish to make sure they will eventually receive payment. Mechanic's liens are often filed by home improvement contractors for unpaid labor or materials. Judgment liens are granted to creditors. Tax liens are imposed by the Internal Revenue Service (IRS) or a state revenue authority. Child support liens seek to satisfy debts, and some states may attach liens to satisfy payment of attorney fees in family law cases.

Liens are a matter of public record. For the most part, they can be easily found. You will eventually want your title insurance agency to conduct a thorough title search and provide you with a title insurance policy to protect your future interests in a property but you can conduct a preliminary title search to help you decide if the property is worth moving forward with.

### **Searching Title**

There are two main types of title searching, a full coverage search, and limited coverage search. A title search is the process of gathering documents to identify the history of a piece of real property along with determining the relevant interests in and regulations governing said property.

In the case of a prospective purchase, a title search is performed primarily to answer three questions regarding a property on the market:

## Title & Liens / Property Research

1. Does the seller have a saleable interest in the property?
2. What kind of restrictions or allowances pertain to the use of the land? These would include real covenants, easements and other equitable servitudes.
3. Do any liens exist on the property which need to be paid off at closing? These would be mortgages, back taxes, mechanic's liens, and other assessments.

It may seem like an obvious statement, but it is imperative to know that a potential seller indeed has legal ownership of a property prior to commencing with the purchase of said property. It is not unheard of for scammers to attempt to sell a property that does not even belong to them. Another situation to steer clear of includes properties where the ownership is disputed. Additionally, properties where ownership is shared and one of the owners is not on board with the potential sale is one to run from.

### Accessing Online County Records

Larger counties throughout the United States offer online information on properties located within their boundaries. A standard website address for locating these county sites is <www.co. (county name). (2-letter state designation).us>. Check with your local county recorder to verify their website address and how much information you can access online. There may be a subscription fee for this service. If you can access the following information on your county recorder's site, you will have the basics to determine whether a property is worth pursuing.

Notes:

## Title & Liens / Property Research

---

Notes:

1. Current Ownership Information  
This should give the legal owner's name, property address, and a mailing address if the current owner does not occupy the property.
2. Abstract of Title
  - a. This listing of documents recorded against the property will supply you with the following:
  - b. Loans and/or liens against the property
  - c. Legal actions affecting the title
  - d. Assignments showing who currently holds a financial interest in the property
  - e. Easements affecting usability of the property
  - f. Notices of Default against the current trust deeds or mortgages
3. Federal Tax Liens
  - a. Federal tax liens require a 120-day redemption period after a foreclosure auction has been held. This can adversely affect your ability to obtain a hard money loan or to re-sell the property during redemption period.
  - b. Property taxes remain attached to the property even after a foreclosure auction has been held. If the taxes have not been paid for several years, this figure could be significant, and the property may even be subject to a tax sale.

If your county recorder's website also gives you access to viewing the actual recorded documents, the information contained in the document can be extremely valuable. For example, if the abstract of title shows two trust deeds against the property, each for \$100,000, and neither has been released through the recording of a reconveyance, it would be difficult to tell if the property has a total in outstanding loans of \$200,000 (a first trust deed of \$100,000 plus a second



## Title & Liens / Property Research

---

trust deed of \$100,000) or if the original trust deed of \$100,000 was simply re-recorded to correct an error in the legal description. The actual document would show both recorder's entry stamps with one crossed out. This would prove that there is only one outstanding loan of \$100,000. As you can see from this example, if the property value was \$175,000, this little bit of information could mean the difference between negotiating on a property in a short sale situation and negotiating on a property that has instant equity of \$75,000.

If you are purchasing through a foreclosure auctions, you can expect most junior liens to be extinguished or wiped out by the foreclosure auction held by a senior lien holder. Some personal judgments may also detach from the property when a foreclosure is held. You will need to be aware of, and take into consideration, the affect or cost of any junior liens and judgments against the current owner when your purchase is not through the foreclosure process. To ensure that these things are not overlooked, you may also want to check into accessing local court records for personal judgments and/or state tax liens, which may not show up on an abstract of title.

To access records in areas without the benefit of online county records, you will either need to make regular visits to the county recorder's office to use their computers, microfiche, or record books to get the information you will need for your prospective deals, or you may want to cultivate a relationship with a smaller title company. Smaller title companies are recommended because they may be more willing to work with you in exchange for allowing them to provide your title insurance and coordinate your closings. Some states require the use of escrow

Notes:

## Title & Liens / Property Research

---

Notes:

companies or real estate attorneys for real estate purchase transactions. Please check the requirements for your location before proceeding.

Keep in mind that you shouldn't count on the word of the seller or even your real estate agent for information about title and liens. Do your own research. Owners and agents do not always know about all liens or possible defects in the title.

### **Alternate Search Method**

SendFuse has a search tool that allows you to view public information documents. The tool is called a SendFuse Title Report or Debt Stack. We will be walking through a demonstration of this tool shortly.

### **Due Diligence:**

Once you find a potential property, you need to do your due diligence and get the most updated information you can in the least amount of time. We have a process that we follow, and we want you to follow the same process. Below is what you need to do when researching a property:

1. **Google:** To find the most up to date information about the subject property turn to Google. Enter the address of the subject property in your browser and see what comes up. Google pulls information from all sources online and aggregates it or puts the information in one place for anyone to view. For instance, if you were researching a property and you "googled" it you would find all the

## Title & Liens / Property Research

---

recent information on the subject property on the first page of Google.

Most important in this step is to determine if there is negative information about the subject property. It would be helpful to know if there was a major crime committed on the premises of the subject property. Google is always the first place to begin your search when doing your due diligence.

2. **Zillow:** This is the next step in the process of researching the property. The objective in this step is to determine what most properties in the area are valued. Zillow is helpful when obtaining comparable home values and recent home sales numbers. Zillow will give a value called a “Zestimate” based on what Zillow’s algorithm thinks the property is worth.

According to Zillow’s website “the Zestimate is a starting point and does not consider all the market intricacies that can determine the actual price a house will sell for.” Meaning, the value may not be accurate and will not replace an appraisal. There has not been an inspection conducted of the property, and as such the “Zestimate” is a computer-generated estimate given the available data on said property. For more information visit [zillow.com/](http://zillow.com/)

3. **Title Report Through SendFuse:** The most important step in the process is to determine if there is equity in the subject property. This is accomplished through obtaining a title report which is ordered through SendFuse. SendFuse is

Notes:

## Title & Liens / Property Research

Notes:

a text driven system that makes the Rule of 56 automated! Here is how you do it.

- Text the following command to your SendFuse phone number - **“Title report for \_\_\_\_\_ (put in address)”** or just **“Title for \_\_\_\_\_ (put in address)”**. A partial address is usually acceptable. Your assistant will conduct a dynamic search and respond with a complete address for you to verify.
- Respond to your assistant with a yes or no.
  - A **“yes”** will immediately initiate a title report search on the property. A PDF title report will be sent to your email address on file, usually in under a minute. A text from your assistant will notify you upon completion.
  - A **“no”** response from you will result in your assistant asking you to verify the information you submitted so that it can try again.
- It is that simple. Title reports are now just a text away!

If there is equity in the subject property, we will move forward and pursue the homeowner to do business.

With a title report we want to obtain a complete transaction history. We call this the “debt stack”. This is the record of how many loans have been placed against the subject property. We also can obtain other details such as comparable homes, and a map of the homes that surround the subject property.

By far the most information is the name and the address of the owner of the subject property. Please note if the address of the owner and the address of the subject property match. If not, this means that the

## Title & Liens / Property Research

owner of the subject property is not living in the subject property.

**4. Finding Phone Number of Homeowner:** The last step in the process is to track the phone number of the owner of the subject property. SendFuse has a feature allowing you to skip trace the name and the number of the homeowner. Here are the steps to obtaining the needed information.

- Text “**skip trace**” (insert address)
- SendFuse will ask you “**is address** (inserted address) **correct?**” “Respond with ‘**yes**’ and we will check the information”
- Respond appropriately, “**yes**” or “**no.**”
- Here’s the response from SendFuse “**We will research the number to skip trace for this address, get back to you soon.**”
- When SendFuse finds the phone number you will receive a text response. The text will include an option to have SendFuse **COLD CALL** the number! “**Great!** (inserted address) **has been skip traced. The number is** (phone Number). **Do you want SendFuse to attempt to contact the owner, respond ‘yes’ or ‘no’**”  
This number will also be accessible from your SendFuse Dashboard.

Notes:

## Title & Liens / Property Research

---

Notes:



# PROPERTY TOUR















# Property Tour

---





# Property Tour

---





# Property Tour

---







# Property Tour

---





# Property Tour

---





# Property Tour

---



# WRITING OFFERS







# Writing Offers

## Get the Deal Under Contract

Are You Writing Enough Offers to Fill Up Your Pipeline? Writing offers weekly is a critical step in your real estate investment business. It is so important that it is written into the rule of 56. The standard is a minimum of 2 offers a week.

Even if you have an offer that has been accepted, you need to continue the discipline of writing offers weekly. This will benefit you in the long run by taking the pressure off and allowing you to cherry pick only the best deals, allow you the freedom to wholesale off excess deals for quick cash and keep your business consistently growing instead of running hot and cold.

For maximum and massive returns, you must have multiple offers in the pipeline always. Always employ the 1 in 50 or 1 in 100 principle.

## Why Get the Deal Under Contract?

A Contract Will:

- Secure the property so no one else can steal it out from under you.
- Give you time to look over the property.
- Give the lender peace of mind that the deal won't fall through.

## Steps to Putting the House Under Contract

- Step 1: Prospect and Review Potential Properties
- Step 2: Write Offers

Notes:

# Writing Offers

Notes:

- Step 3: Get the Offer Accepted by the Seller
- Step 4: Put Earnest Money into Escrow to Complete the Contract

## How Do I Determine Value?

The three most common methods of determine the value of a property are through an appraisal, the assessed value, or a Comparable Market Analysis. A brief description of each, along with the advantages or disadvantages, is outlined below.

### Appraised Value

While the most accurate method of determining a property's value is to hire a licensed independent appraiser to do a full appraisal, it can run in the neighborhood of \$330 to \$500 for an appraisal report, and the cost can be prohibitive if you are tracking several properties.

### Assessed Value

The county assessors may have assigned what is referred to as a "market" value, but take into consideration that 1) the original assessed value may have been appealed by the homeowner to lower their property taxes and could be quite a bit lower than the true market value; and 2) this value may have been established several months before and may not reflect current market conditions.

### Comparable Market Analysis

The least expensive method of determining fair market value is to canvas the neighborhood for sales of similar properties within the last six months. The

## Writing Offers

best resource for this type of information is your local Multiple Listing Service. If you are working with a licensed real estate agent, they should have access to this information and can create reports showing all sales within a radius of the subject property over a given period of time, or a more specific report called a CMA (Comparable Market Analysis) can be done quite easily. The CMA will allow you to pick and choose which properties you are comparing to the subject property and an Average Adjusted Value will be calculated for your subject property. This figure is not an absolute value, but it can be used as a reasonably accurate number.

Once you have established a value for the property, the next step is determining what is owed against the property to be able to classify it as either an equity deal or a short sale candidate. Equity deals will have a significantly greater value than what is outstanding in loans, liens or delinquent taxes. Short sales will be upside-down, in other words, there will be more owing on the property than it is worth.

### Recognizing A Good Deal

You have used one of the methods above to establish the value of the subject property. You have also researched the abstract title and property tax information to determine outstanding debt. The next step is to compare the figures you've come up with to determine if there is significant equity, or if the property is upside-down, but title is clear. If a search of the abstract of title shows "clouds" or issues that could tie up the property and make it difficult to resell, you may want to pass on that deal. The time and

Notes:

## Writing Offers

Notes:

money it could cost to hold onto the property while you are attempting to clear these issues, would not only eliminate your potential profit, it could cost valuable time that could be used to pursue much more profitable deals.

The other factor to consider is how much work will this property need to bring it up to its optimum fair market value? Or, will it sell in its “as-is” condition in the current market? One pitfall the novice investor often encounters is over-improving the fixer-upper and throwing away the profit margin. Installing high-end flooring, fixtures and appliances in a neighborhood of average tract homes may not be the best use of your investment dollars. It is much harder to sell the nicest, largest home in the neighborhood than it is the smallest, oldest home in a nice neighborhood.

Also, check the MLS’s record of recent sales and listings in the neighborhood. What was the average number of days on market for “sold” properties? How many active listings are currently on the market? How many listings expired or sat on the market for months without ever selling? If properties in the neighborhood have sold quickly, this could be an excellent prospect. If there is only one recent sale reported with several currently active and/or expired listings, this might not be the best deal to purchase.

### **Important Offer Clauses to Include**

Your offer contract should always have a contingency clause in it to give you an out and allow you to get your deposit back if you need to pull out of

## Writing Offers

the deal. One or more of these clauses should be sufficient.

- Subject-To Third Party Approval of Buyer's Partner Clause: A partner (business partner, spouse, private money lender, friend, pastor) needs to approve the purchase.
- Refundable Clause: Put in an exploratory or investigative period of 10-30 days to perform inspections and appraisals to determine if you would like to move forward. In this case, if you don't like something (cracked foundation, water damage, mold, termites, etc.) then you can back out and get a full refund on your earnest money.

### Find Out Your Maximum Allowable Offer (MAO)

- First, take the after repaired value (ARV), which you determine from your comps
- Then you multiply the ARV by 70%.
- Then you subtract your repairs
- Then you are left with MAO

#### An Example:

If you find a home that's worth \$100,000 dollars fixed up, and you're going to use a credit line, you take \$100,000 and multiply it by .70 which equals \$70,000 dollars. (The 70% represents 20% profit and %10 for closing and holding costs.)

$$\text{\$100,000 ARV} \times .70 = \text{\$70,000}$$

Let's assume the house needs \$20,000 in work.

Notes:

# Writing Offers

Notes:

$\$70,000 - \$20,000 = \$50,000.$

Your MAO is \$50,000. The most you could ever pay for the house is \$50,000.

## **Make the 3 Tier Offer**

In an offer to purchase real estate, you include not only the price you are willing to pay, but other details of the purchase as well. This includes how you intend to finance the home, your down payment, who pays what closing costs, what inspections are performed, timetables, whether personal property is included in the purchase, terms of cancellation, any repairs you want performed, which professional services will be used, when you get physical possession of the property, and how to settle disputes should they occur.

Before you actually write the offer, you need work on anchoring the selling price where you need it to be. Subconsciously anchor the price with the seller by talking about your research in the neighborhood and what houses are worth. Ask them what the assessed value is. This is almost always lower. Finally ask "If I pay you all cash and I pay you quickly what the least you can accept?" Follow up with "Is that the best you can do?"

There are other questions to ask as well prior to writing your offer. Ask if it is listed. (You should know the answer to this before you ask this.) Always ask for a referral. Do you have any other properties to sell?

## Writing Offers

Ask the seller what their needs are. Do you need a large amount of cash or would you benefit more from monthly payments? As a landlord, they are used to receiving monthly checks and may prefer this if they know that it is an option.

Remind them that if they take a large lump sum they will pay a large capital gains tax on the deal but that you could structure the deal that includes some owner financing that would provide some money down with monthly payments.

They will still pay capital gains but they will reduce their tax exposure. Let them know that you will include some options in your offer.

As you construct your offer include the following 3 parts to the offer:

1. Low-Ball Cash Offer
2. A Small Down Payment with a Seller Carried Second
3. 100% Seller Financing

### **Low-Ball Cash Offer**

This offer will be all cash. It will be the lowest of the 3 offers. If done correctly, this amount will offend the seller. That is ok. Remember there are two other offers to come. This offer is admittedly a low-ball offer that sets the subsequent two offers up as being better ones and worthier of consideration.

### **A Small Down Payment w/ a Seller Carry**

This offer mixes some cash with the rest being a seller carry. Because you will include terms that are advantageous, you are able to offer more than cash alone. This offer should be constructed to appeal to

Notes:

# Writing Offers

Notes:

the seller who expressed a need for some cash up front but does not need all the cash at once.

## **All Seller Financing**

This option requires the least out of pocket from the investor. This coupled with advantageous terms will allow you to make the highest offer through this option. This is the ultimate win – win option. The investor controls a new property with no money out of pocket, the seller gets his/her house sold and can maintain a monthly income.

Below you will find an Addendum from an actual offer. It contains the 3 tier portions of the offer. The complete sample offer can be found in the resources section of your student book

## **Sample 3 Tier Offer**

### **Addendum to Contract #1**

Buyer to purchase property located at 321 South Bigger Road, Spokane WA 99216 under one of the following three options:

#### **Option #1: Purchase price to be \$75,000**

Buyer to pay all cash and close within 14 days of acceptance at any time before the expiration of the contract December 31, 2015.

#### **Option #2: Purchase price to be \$95,000.**

Buyer to pay \$10,000 Down, Seller to Carry 1<sup>st</sup> mortgage in the amount of \$85,000, at 4% interest





# Writing Offers

Notes:

## Offer Writing Exercise

This offer exercise will give you first-hand experience in how to write, and how to benefit from, the 3-tiered real estate offer, a unique component to the Lee Arnold System of Real Estate Investing. The 3-tiered offer is a multifaceted approach to writing offers that leverages one or more of the two key elements to making money in real estate – namely buying at a favorable price and/or getting favorable terms.

Not only will you write offers during this exercise, but you will also practice your negotiation skills and learn how to write a wholesale agreement. All of this will be accomplished using real-life examples from your training.

As you participate you will gain first-hand experience, not only at writing offers, but also at analyzing properties, and assessing a seller's motivation. These are all critical to a good 3-tiered offer. Each offer is creatively tailored to the specific needs of the seller. You will begin to see how the 3-tiered offer is just one piece in a carefully orchestrated system that positions you, the investor, as the expert real estate *Transaction Engineer* who has come to the aid of the distressed or otherwise motivated seller.

### **Instructions:**

You will work in groups of 2 or 3 to complete this activity. Your group will need to make up a name and contact information for your "company" to use on the paperwork you will be completing. In your respective groups, you will need to first analyze the property that is presented. Discuss the deal in your group, do research as needed, then strategize the potential value and validity of the deal for investment purposes.

## Writing Offers

What is the potential MAO and what will your exit strategy be?

Next look at the seller's motivation. What needs does the seller have? What challenges to the sale will you need to overcome? You will need to answer these questions during your negotiation and make sure your offer addresses the needs of the seller.

Once you know the value of the property and have come to an understanding of the seller's motivation, you can then create a custom 3-tiered offer that will appeal to the seller. You will want to read through the section below titled "Buying Property with a 3-Tier Offer" for guidance on how to create this custom offer.

Remember that as an investor you need to purchase this property at either a favorable price and/or favorable terms. You have a great deal of flexibility on how this will look. Some options include variations on seller carry with or without interest. Payments can be interest only or you can amortize the loan. If you choose to amortize it can be over any period, you desire with a balloon payment at some earlier point in time. You can even include an equity kicker when you dispose of the property. Remember that anything that is legal that both you and the seller put in writing and sign is your contract.

After each group has completed their offer, each group will have the opportunity to present their offer to the "seller." Make sure you have your presentation ready to go. This is all part of the process. Your presentation can make or break a deal. Everything from how you look, shake hands, and hold the paperwork in your hands speaks volumes to the seller and will either help your position or hurt it. Remember, you want to position yourself as the expert real estate Transaction Engineer throughout your experience with the seller.

Notes:

# Writing Offers

Notes:

## **The Wholesale or Assignment Deal**

After some practice with writing the offer and getting it accepted, we will take the exercise to the next level and write the wholesale deal.

As an investor, you need to have multiple streams of income. Fixing and flipping is a “big money” strategy that is popular and appealing to many. Let’s face it, everyone wants the big score, but as an investor you know that “quick money” often outperforms “big money” when it comes to return on your investment. Quick money is where wholesaling comes into play.

### **What is An Assignment?**

An assignment is a sales transaction where the original buyer of a property, the “assignor,” allows another buyer, the “assignee,” to take over the buyer’s rights and obligations of the Agreement of Purchase and Sale. This typically involves a fee being paid by the assignee to the assignor. This normally takes place before the original buyer closes on the property.

The instrument used to execute this assignment transaction becomes an addendum to the original Purchase and Sales Agreement. Once the addendum is executed, the assignee now holds all the rights and obligations of the original sale and will be the one who ultimately completes the deal with the seller.

In other words, an assignment allows the buyer of a home to sell his/her interest the property before they take possession of it. The assignor makes a profit from the property that they controlled but never owned. This may sound too good to be true, but

# Writing Offers

investors are doing just that every day across the country!

## **Pre-requisites for the Transfer of a Purchase & Sale Agreement Using an Assignment Contract**

The execution of an assignment of contract requires a few things to be in place before the actual assignment can take place. These requirements include:

- An executed (signed), assignable real estate purchase and sale contract between you and the property seller.
- A willing cash buyer (or a buyer whose lender will loan on assignments).
- An executable assignment contract that transfers the rights and the responsibilities of the original purchase and sale contract from you to your investor buyer. This becomes an addendum added to the Purchase and Sales Agreement.
- A settlement attorney or title company to verify clean, unencumbered title and to coordinate the closing.

## **Steps to An Assignment of Contract**

Wholesaling real estate through contract assignments generally follows a sequence of steps. Here is how it works step by step from the beginning. We will start with finding the good deal.

### **1. Find a Motivated Seller**

First let's begin with what a motivated seller is. This is an individual who NEEDS to sell a property normally very quickly. There is usually some sort of distress going on in their lives. There is a huge disparity between *want* to sell and *need* to sell. Knowing which category your seller falls into is the first step in identifying how to handle the situation.

Notes:

# Writing Offers

Notes:

If I just *want* to sell, there is no sense of urgency. There's normally no timeframe in which to finalize the sale. However, "need to sell" sounds like this, "I have to sell this house now because I'm moving to Maryland to take care of my ailing mother, and I have no other family members in the area." This is a "need to sell" scenario.

Meanwhile, "want to sell" sounds a lot different: "I'm curious to see what my house is worth because I may be selling next year." As you can see, there is a reason behind the need to sell versus the second scenario, where there is just curiosity.

## **2. Get the Purchase & Sale Contract**

Before you can assign the contract, you must have property under contract to begin with. Work with your motivated seller to get a signed purchase and sales agreement between the two of you. At this point it would be good to verify that your contract does not contain a "no assignment clause." If it does negotiate it out with the seller.

## **3. Double Check the Contract for Any Limitations or Prohibitions**

If you have not already done so, check for anti-assignment clauses. Sometimes the prohibition is not a separate clause but is included in another provision. Look for language that states, "This agreement may not be assigned." If you find such language, you may not be able to assign the agreement unless the other party consents.

## **4. Find your Buyer**

Here is where your marketing comes into play again. Working to find your end buyer can be daunting, but once you have a solid buyer, you can begin the process of closing the transaction. First, when you find your buyer (via Craigslist ads, Zillow, email marketing etc.), you should require a nonrefundable earnest money deposit.

# Writing Offers

Having the buyer furnish a nonrefundable earnest money deposit secures your position in making a profit. This money will become yours whether the transaction closes or not. The earnest money can be as much or as little you require within reason. I've seen deposits of hundreds of dollars up to \$5,000. When the buyer deposits the earnest money, you then know that your buyer has a real interest in the property and is willing to move forward. This fee is normally held by the title company or the closing attorney.

## 5. Execute an Assignment

If you are not prohibited from assigning the contract, prepare and enter into an assignment of contract: an agreement that transfers the parties' rights and obligations. This document becomes an addendum on the purchase and sales agreement.

## 6. Provide Notice to the Obligor

After you have assigned your contract rights to the assignee, you should provide notice to the original contracting party (referred to as the obligor). This notice will effectively relieve you of any liability under the contract, unless the contract says differently (for instance, if the contract says that the assignor guarantees the performance of the assigned contract or the contract prohibits an assignment) or the assignment is prohibited by law.

## 7. Everyone goes home happy!

What more needs to be said!

## Common Challenges

Any number of things can go wrong when you're flipping homes. Here are a few of the most common complications that can lead to a smooth transaction:

- Assignee cannot settle on date agreed to in the contract, postponement or annulment of contract.

Notes:

# Writing Offers

Notes:

- Seller decides 15 minutes before settlement, on the 20th day, that she will not sell, or will not sell at the agreed upon contract price.
- Settlement company discovers that Seller does not possess clean and marketable/transferrable title because she originally purchased the house from her cousin, but never worked with a settlement company (or attorney) and did not purchase title insurance.

These are just a few of the scenarios that you want to prevent or overcome by careful planning, deal structuring and use of well thought out contract clauses and terms, both in your original real estate contract, and in the subsequent assignment contract.

## Anti-Assignment Clauses

If you're making a contract and you don't want assignment to be an option, you need to clearly state that in your agreement. Below are three variations of anti-assignment clauses that can be used in a contract.

### **EXAMPLE 1: Consent Required for Assignment**

**Assignment.** Neither party may assign or delegate its rights or obligations pursuant to this Agreement without the prior written consent of the other. Any assignment or delegation in violation of this section shall be void.

### **EXAMPLE 2: Consent Not Needed for Affiliates or New Owners**

**Assignment.** Neither party may assign or delegate its rights or obligations pursuant to this Agreement without the prior written consent of the other. However, no consent is required for an assignment that occurs (a) to an entity in which the transferring party owns more than 50% of the assets,



## Writing Offers

or (b) as part of a transfer of all or substantially all the assets of the transferring party to any party. Any assignment or delegation in violation of this section shall be void.

### **EXAMPLE 3: Consent Not Unreasonably Withheld**

**Assignment.** Neither party may assign or delegate its rights or obligations pursuant to this Agreement without the prior written consent of other. Such consent shall not be unreasonably withheld. Any assignment or delegation in violation of this section shall be void.

Anti-assignment clauses can also be modified to prohibit only one of the parties from assigning rights. Also, when preparing an anti-assignment clause, keep in mind that you can prevent only "voluntary" assignments; you cannot prevent assignments that are ordered by a court or that are mandatory under law--for example, in a bankruptcy proceeding.

Notes:

# Writing Offers

Notes:

**REAL ESTATE PURCHASE AND SALE AGREEMENT #1**

**PARTIES:**

\_\_\_\_\_, as "Seller" of \_\_\_\_\_ . Whose phone number is \_\_\_\_\_ and whose mailing address on the property profile is \_\_\_\_\_.

\_\_\_\_\_, as "Buyer", whose phone number is \_\_\_\_\_, hereby agree that the Seller shall sell and Buyer shall buy the property located at:

\_\_\_\_\_

**I. DESCRIPTION:**

a) Legal description of real estate ("Property") located in \_\_\_\_\_ County, State of \_\_\_\_\_.

\_\_\_\_\_

b) Street address, if any, of the Property being conveyed is:

\_\_\_\_\_

c) Personal property including all buildings and improvements on the property and all right, title and interest of Seller in and to adjacent streets, roads, alleys and rights-of-way, and:

**II. PURCHASE PRICE: See Addendum #1**

**PAYMENT:**

a) Cash Deposit(s) to be held in escrow at \_\_\_\_\_ the amount of \_\_\_\_\_ to be deposited within 3 days of settlement.

b) Subject to assumption of Mortgage in favor of \_\_\_\_\_

Buyers Initials: \_\_\_\_\_ Date: \_\_\_\_\_

Sellers Initials: \_\_\_\_\_ Date: \_\_\_\_\_

bearing interest at \_\_\_\_\_% per annum and payable as to principal and interest at \$\_\_\_\_\_ per month, having an approximate present principal balance of \$\_\_\_\_\_.

c) Purchase money mortgage and note bearing interest at \_\_\_\_\_% on terms set forth herein below, in the principal amount of \$\_\_\_\_\_.

d) Balance to close, (U.S. Cash, certified or cashier's check) subject to adjustments and perorations: See Addendum #1

**TOTAL: See Addendum #1**

**II.FINANCING:** If the purchase price or any part thereof is to be financed by a third-party loan, this Contract for Sale and Purchase ("Contract"), is conditioned upon the Buyer obtaining a firm commitment for said loan within any time before the scheduled closing.

**IV. TITLE EVIDENCE:** Within five 5 days from the date of Contract, Seller shall, at his expense, deliver to Buyer or his attorney, in accordance with Paragraph XI, a commitment for title insurance with fee owner's title policy premium to be paid by Seller at closing.

**V. TIME FOR ACCEPTANCE AND EFFECTIVE DATE:** If this offer is not executed by both parties hereto on or before \_\_\_\_\_, on \_\_\_\_\_, the aforesaid deposit(s) shall be, at the option of the Buyer, returned to him and this offer shall thereafter be null and void. The date of Contract ("Effective Date") shall be the date when the last one of the Seller and Buyer has signed this offer.

**VI. CLOSING DATE:** This transaction shall be closed and the deed and other closing papers delivered on the chosen day of the month subject to addendum 1.

**VII. RESTRICTIONS, EASEMENTS, LIMITATIONS:** The Buyer shall take title subject only to:

- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_

**VIII. OCCUPANCY:** Seller represents that \_\_\_\_\_ tenants currently are occupying the property.

Buyers Initials: \_\_\_\_\_ Date: \_\_\_\_\_

Sellers Initials: \_\_\_\_\_ Date: \_\_\_\_\_

**IX. ASSIGNABILITY:** Buyer may assign this Contract at any time, prior to settlement.

**X. TYPEWRITTEN OR HANDWRITTEN PROVISIONS:** Typewritten or handwritten provisions inserted herein or attached hereto as Addenda shall control all printed provisions in conflict therewith as long as they have been initialed and dated by both parties, prior to settlement.

**XI. EVIDENCE OF TITLE:** Within five (5) days from the date hereof, Seller, at Seller's sole cost and expense, shall cause a title insurance company mutually acceptable to the Parties ("Title Company") to issue and deliver to Buyer an ALTA Form B title commitment ("Title Commitment") accompanied by one copy of all documents affecting the Property, and which constitute exceptions to the Title Commitment. Buyer shall give Seller written notice on or before twenty (20) days from the date of receipt of the Title Commitment, if the condition of title as set forth in such Title Commitment and survey is not satisfactory in Buyer's sole discretion. In the event that the condition of title is not acceptable, Buyer shall state which exceptions to the Title Commitment are unacceptable. Seller shall, at its sole cost and expense promptly undertake and use its best efforts to eliminate or modify all unacceptable matters to the reasonable satisfaction of Buyer. In the event Seller is unable with the exercise of due diligence to satisfy said objections within thirty (30) days after said notice, Buyer may, at its option: (i) extend the time period for Seller to satisfy said objections, (ii) accept title subject to the objections raised by Buyer, without an adjustment in the purchase price, in which event said objections shall be deemed to be waived for all purposes, or (iii) rescind this Agreement, whereupon the deposit described herein shall be returned to Buyer and this Agreement shall be of no further force and effect.

**XII. EXISTING MORTGAGES TO BE ASSUMED:** \_\_\_\_\_  
\_\_\_\_\_

**XIII. PURCHASE MONEY MORTGAGES:** See Addendum #1

**XIV. CURRENT SURVEY:** Prior to Closing, buyer may, at his or her sole expense purchase and require a property inspection by a licensed property inspection company.

**XV. TERMITES:** \_\_\_\_\_

**XVI. INGRESS AND EGRESS:** Seller warrants that there is ingress and egress to the Property sufficient for the intended use as described in Paragraph VII hereof the title to which is in accordance with Paragraph XI above.

**XVII. Leases:** \_\_\_\_\_  
\_\_\_\_\_

**XVIII. LIENS:** To be verified by title insurance company.

Buyers Initials: \_\_\_\_\_ Date: \_\_\_\_\_ Sellers Initials: \_\_\_\_\_ Date: \_\_\_\_\_

**XIX. PLACE OF CLOSING:** \_\_\_\_\_

**XX. TIME:** Offer Valid Until \_\_\_\_\_, on \_\_\_\_\_.

**XXI. DOCUMENTS FOR CLOSING:** To be drawn by closing agent.

**XXII. EXPENSES:** Buyer will be responsible for buyer's side expenses and seller will be responsible for customary seller side closing expenses expect as stated on purchase option.

**XXIII. PRORATION OF TAXES:** Taxes for the year of the closing shall be prorated to the date of closing. If the closing shall occur before the tax rate is fixed for the then current year, the apportionment of taxes shall be upon the basis of the tax rate of the preceding year applied to the latest assessed valuation. Subsequent to the closing, when the tax rate is fixed for the year in which the closing occurs, Seller and Buyer agree to adjust the proration's of taxes and, if necessary, to refund or pay, as the case may be, an amount necessary to affect such adjustments. This provision shall survive closing.

**XXIV. PERSONAL PROPERTY INSPECTION, REPAIR:** Seller warrants that all major appliances, heating, cooling, electrical, plumbing systems, and machinery are

condition as of six (6) days prior to closing. Buyer may, at his expense, have inspections made of said items by licensed persons dealing in the repair and maintenance thereof, and shall report in writing to Seller such items as found not in working condition prior to taking of possession thereof, or six (6) days prior to closing, whichever is first. Unless Buyer reports failures within said period, he shall be deemed to have waived Seller's warranty as to failures not reported. Valid reported failures shall be corrected at Seller's cost with funds therefore escrowed at closing. Seller agrees to provide access for inspection upon reasonable notice.

**XXV. RISK OF LOSS:** If the improvements are damaged by fire or other casualty prior to closing, and the costs of restoring same does not exceed 3% of the assessed valuation of the improvements so damaged, cost of restoration shall be an obligation of the Seller and closing shall proceed pursuant to the terms of Contract with costs therefor escrowed at closing. In the event the cost of repair or restoration exceeds 3% of the assessed valuation of the improvements so damaged, Buyer shall have the option of either taking the Property as is, together with either the said 3% or any insurance proceeds payable by virtue of such loss or damage, or of canceling the Contract and receiving return of deposit(s) made hereunder.

Buyers Initials: \_\_\_\_\_ Date: \_\_\_\_\_

Sellers Initials: \_\_\_\_\_ Date: \_\_\_\_\_

**XXVI. MAINTENANCE:** Notwithstanding the provisions of Paragraph XXIV, between Effective Date and Closing Date, all personal property on the premises and real property, including lawn, shrubbery and pool, if any, shall be maintained by Seller in the condition they existed as of Effective Date, ordinary wear and tear excepted, and Buyer or Buyer's designee will be permitted access for inspection prior to closing in order to confirm compliance with this standard.

**XXVII. PROCEEDS OF SALE AND CLOSING PROCEDURE:** The deed shall be recorded upon clearance of funds and evidence of title continued at Buyer's expense, to show title in Buyer, without any encumbrances or change which would render Seller's title unmarketable from the date of the last evidence, and the cash proceeds of sale shall be held in escrow by Seller's attorney or by such other escrow agent as may be mutually agreed upon for a period of no longer than five (5) days from and after closing date. If Seller's title is rendered unmarketable, Buyer shall within said five (5) day period, notify Seller in writing of the defect and Seller shall have thirty (30) days from date of receipt of such notification to cure said defect. In the event Seller fails to timely cure said defect, all monies paid hereunder shall, upon written demand therefor and within five (5) days thereafter, be returned to Buyer and, simultaneously with such repayment, Buyer shall vacate the Property and convey same to the Seller by special warranty deed. In the event Buyer fails to make timely demand for refund, he shall take title as is, waiving all rights against Seller as to such intervening defect except as may be available to Buyer by virtue of warranties, if any, contained in deed.

**XXVIII. ESCROW:** Any escrow agent receiving funds is authorized and agrees by acceptance thereof to promptly deposit and to hold same in escrow and to disburse same subject to clearance thereof in accordance with terms and conditions of Contract. Failure of clearance of funds shall not excuse performance by the Buyer.

**XXIX. ATTORNEY FEES AND COSTS:** In connection with any litigation including appellate proceedings arising out of this Contract, the prevailing party shall be entitled to recover reasonable attorney's fees and costs.

**XXX. (a) DEFAULT BY SELLER:** In the event that Seller should fail to consummate the transaction contemplated herein for any reason, except Buyer's default; (i) Buyer may enforce specific performance of this Agreement in a court of competent jurisdiction and in such action shall have the right to recover damages suffered by Buyer by reason of the delay in the acquisition of the Property, or (ii) may bring suit for damages for breach of this Agreement, in which event, the deposit made hereunder shall be forthwith returned to Buyer, or (iii) declare a default, demand and receive the return of the deposit. All rights, powers, options or remedies afforded to Buyer either hereunder or by law shall be cumulative and not alternative and the exercise of one right, power, option or remedy shall not bar other rights, powers, options or remedies allowed herein or by law.

**XXX. (b) DEFAULT BY BUYER:** In the event Buyer should fail to consummate the transaction contemplated herein for any reason, except default by Seller or the failure of Seller to satisfy any of the conditions to Buyer's obligations, as set forth herein, Seller

Buyers Initials: \_\_\_\_\_ Date: \_\_\_\_\_

Sellers Initials: \_\_\_\_\_ Date: \_\_\_\_\_

shall be entitled to retain the earnest money deposit, such sum being agreed upon as liquidated damages for the failure of Buyer to perform the duties and obligations imposed upon it by the terms and provisions of this Agreement and because of the difficulty, inconvenience and uncertainty of ascertaining actual damages, and no other damages, rights or remedies shall in any case be collectible, enforceable or available to Seller other than as provided in this Section, and Seller agrees to accept and take said deposit as Seller's total damages and relief hereunder in such event.

**XXXI. MEMORANDUM OF CONTRACT RECORDABLE, PERSONS BOUND AND**

**NOTICE:** Upon the expiration of the inspection period described in paragraph XXXVI, if Buyer has elected to proceed with purchase of the property, the parties shall cause to be recorded, at Buyer's option and expense, in the public records of the county in which the property is located, an executed Memorandum of Contract as attached hereto. This Contract shall bind and inure to the benefit of the Parties hereto and their successors in interest. Whenever the context permits, singular shall include plural and one gender shall include all. Notice given by or to the attorney for either party shall be as effective as if given by or to said party.

**XXXII. PRORATIONS AND INSURANCE:** Taxes, assessments, rent, interest, insurance and other expenses and revenue of the Property shall be pro-rated as of date of closing. Buyer shall have the option of taking over any existing policies of insurance on the Property, if assumable, in which event premiums shall be pro-rated. The cash at closing shall be increased or decreased as may be required by said proration's. All references in Contract to prorations as of date of closing will be deemed "date of occupancy" if occupancy occurs prior to closing, unless otherwise provided for herein.

**XXXIII. CONVEYANCE:** Seller shall convey title to the Property by statutory warranty deed subject only to matters contained in Paragraph VII hereof and those otherwise accepted by Buyer. Personal property shall, at the request of Buyer, be conveyed by an absolute bill of sale with warranty of title, subject to such liens as may be otherwise provided for herein.

**XXXIV. UTILITIES:** Seller shall, at no expense to Seller, actively work with Buyer to assist Buyer in obtaining electricity, water, sewage, storm drainage, and other utility services for development of the Property.

**XXXV. ENGINEERING PLANS AND STUDIES:** Upon the execution hereof, Seller shall furnish to Buyer all engineering plans, drawings, surveys, artist's renderings and economic and financial studies which Seller has, if any, relating to the Property, and all such information may be used by Buyer in such manner as it desires; provided that in the event Buyer fails to purchase the Property for any reason other than Seller's default, all such information shall be returned to Seller together with any information that Purchaser may have compiled with respect to the Property.

**XXXVI. INSPECTION OF PROPERTY:** Inspection by Licensed property inspection at any time prior to settlement with 48-hour notice to seller and seller's tenants.

Buyers Initials: \_\_\_\_\_ Date: \_\_\_\_\_

Sellers Initials: \_\_\_\_\_ Date: \_\_\_\_\_



**XXXVII. PENDING LITIGATION:** Seller warrants and represents that there are no legal actions, suits or other legal or administrative proceedings, including cases, pending or threatened or similar proceedings affecting the Property or any portion thereof, nor has Seller knowledge that any such action is presently contemplated which might or does affect the conveyance contemplated hereunder.

**XXXVIII. SURVIVAL OF REPRESENTATIONS AND WARRANTIES:** The representations and warranties set forth in this Contract shall be continuing and shall be true and correct on and as of the closing date with the same force and effect as if made at that time, and all of such representations and warranties shall survive the closing and shall not be affected by any investigation, verification or approval by any party hereto or by anyone on behalf of any party hereto.

**XXXIX. ACQUIRING APPROVALS:**

- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_

**XL. OTHER AGREEMENTS:** No prior or present agreements or representations shall be binding upon any of the Parties hereto unless incorporated in this Contract. No modification or change in this Contract shall be valid or binding upon the Parties unless in writing, executed by the Parties to be bound thereby.

**XLI. SPECIAL CLAUSES: See Addendum #1**

=====

Executed by Seller(s) on: \_\_\_\_\_

\_\_\_\_\_  
Signature of Seller

\_\_\_\_\_  
Name of Seller (Printed)

\_\_\_\_\_  
Signature of Seller

\_\_\_\_\_  
Name of Seller (Printed)

Executed by Buyer(s) on: \_\_\_\_\_

\_\_\_\_\_  
Signature of Buyer

\_\_\_\_\_  
Name of Buyer (Printed)

\_\_\_\_\_  
Signature of Buyer

\_\_\_\_\_  
Name of Buyer (Printed)

Buyers Initials: \_\_\_\_\_ Date: \_\_\_\_\_

Sellers Initials: \_\_\_\_\_ Date: \_\_\_\_\_

Buyers Initials: \_\_\_\_\_ Date: \_\_\_\_\_

Sellers Initials: \_\_\_\_\_ Date: \_\_\_\_\_

**Addendum #1 to Contract**

Buyer to purchase property located at:

#1 \_\_\_\_\_,

under one of the following three options:

**Option 1:** Buyer to pay all cash and close within #2 \_\_\_\_\_ days of acceptance at any time before the expiration of the contract #3 \_\_\_\_\_.

**Purchase price to be: #4 \_\_\_\_\_.**

**Option 2: Purchase price to be: #5 \_\_\_\_\_.**

Buyer to pay #6 \_\_\_\_\_ down. Seller to Carry 1st mortgage in the amount of \$ #7 \_\_\_\_\_, (*principal to be paid at the end of the term*) at #8 \_\_\_\_\_% interest only. Monthly payments of \$ #9 \_\_\_\_\_ per month for #10 \_\_\_\_\_ years. #11 \_\_\_\_\_ payments of #12 \_\_\_\_\_ = #13 \_\_\_\_\_ total interest paid.

**Total revenue after #14 \_\_\_\_\_ years to be \$ #15 \_\_\_\_\_.**

(principal + down payment + interest)

**Option 3: Purchase price to be: #16 \_\_\_\_\_.**

Buyer to pay #17 \_\_\_\_\_ down. Seller to Carry 1st mortgage in the amount of \$ #18 \_\_\_\_\_, at #19 \_\_\_\_\_% amortized for #20 \_\_\_\_\_ yrs., with a #21 \_\_\_\_\_ year balloon payment. Monthly payments of \$ #22 \_\_\_\_\_ per mo. with a balloon payment of #23 \_\_\_\_\_. Total of payments for the #24 \_\_\_\_\_ years is #25 \_\_\_\_\_.

**Total revenue after #26 \_\_\_\_\_ years of \$ #27 \_\_\_\_\_.**

=====
Executed by Seller(s) on: \_\_\_\_\_

\_\_\_\_\_  
Signature of Seller

\_\_\_\_\_  
Name of Seller (Printed)

\_\_\_\_\_  
Signature of Seller

\_\_\_\_\_  
Name of Seller (Printed)

Executed by Buyer(s) on: \_\_\_\_\_

\_\_\_\_\_  
Signature of Buyer

\_\_\_\_\_  
Name of Buyer (Printed)

\_\_\_\_\_  
Signature of Buyer

\_\_\_\_\_  
Name of Buyer (Printed)

Buyers Initials: \_\_\_\_\_ Date: \_\_\_\_\_

Sellers Initials: \_\_\_\_\_ Date: \_\_\_\_\_

Buyers Initials: \_\_\_\_\_ Date: \_\_\_\_\_

Sellers Initials: \_\_\_\_\_ Date: \_\_\_\_\_

**Addendum #1 to Contract (#2)**

Buyer to purchase property located at:

#1 \_\_\_\_\_,

under one of the following three options:

**Option 1:** Buyer to pay all cash and close within #2 \_\_\_\_\_ days of acceptance at any time before the expiration of the contract #3 \_\_\_\_\_.

**Purchase price to be: #4 \_\_\_\_\_.**

**Option 2: Purchase price to be: #5 \_\_\_\_\_.**

Buyer to pay #6 \_\_\_\_\_ down. Seller to Carry 1st mortgage in the amount of \$ #7 \_\_\_\_\_, (*principal to be paid at the end of the term*) at #8 \_\_\_\_\_% interest only. Monthly payments of \$ #9 \_\_\_\_\_ per month for #10 \_\_\_\_\_ years. #11 \_\_\_\_\_ payments of #12 \_\_\_\_\_ = #13 \_\_\_\_\_ total interest paid.

**Total revenue after #14 \_\_\_\_\_ years to be \$ #15 \_\_\_\_\_.**

(principal + down payment + interest)

**Option 3: Purchase price to be: #16 \_\_\_\_\_.**

Buyer to pay #17 \_\_\_\_\_ down. Seller to Carry 1st mortgage in the amount of \$ #18 \_\_\_\_\_, at #19 \_\_\_\_\_% amortized for #20 \_\_\_\_\_ yrs., with a #21 \_\_\_\_\_ year balloon payment. Monthly payments of \$ #22 \_\_\_\_\_ per mo. with a balloon payment of #23 \_\_\_\_\_. Total of payments for the #24 \_\_\_\_\_ years is #25 \_\_\_\_\_.

**Total revenue after #26 \_\_\_\_\_ years of \$ #27 \_\_\_\_\_.**

=====
Executed by Seller(s) on: \_\_\_\_\_

\_\_\_\_\_  
Signature of Seller

\_\_\_\_\_  
Name of Seller (Printed)

\_\_\_\_\_  
Signature of Seller

\_\_\_\_\_  
Name of Seller (Printed)

Executed by Buyer(s) on: \_\_\_\_\_

\_\_\_\_\_  
Signature of Buyer

\_\_\_\_\_  
Name of Buyer (Printed)

\_\_\_\_\_  
Signature of Buyer

\_\_\_\_\_  
Name of Buyer (Printed)

Buyers Initials: \_\_\_\_\_ Date: \_\_\_\_\_

Sellers Initials: \_\_\_\_\_ Date: \_\_\_\_\_

Buyers Initials: \_\_\_\_\_ Date: \_\_\_\_\_

Sellers Initials: \_\_\_\_\_ Date: \_\_\_\_\_

## **LEGEND FOR THREE-TIERED OFFER**

1. Write in full property address or APN Assessor's Parcel Number.
2. Write in number of days to close
3. Write in date of expiration
4. Approximately = 50% ARV
5. Approximately = 50% to 65% of ARV
6. 1% to 20% of Purchase Price
7. Purchase Price - down payment
8. Pick a rate from 1% to 5%
9. Loan amount x Interest rate/ 12 = monthly payments
10. Select Length of Loan
11. #10 x 12 months
12. Same as #9
13. #11 x #12
14. Same as #10
15. Purchase Price + #13  
(principal + interest)
16. 65% to 80% of ARV
17. \$0 to very small amount down to cover closing
18. #16 - #17
19. 1% to 8%
20. 20 to 30 years (the longer the term, the lower the monthly payments)
21. 2 to 10 years
22. Go to <https://www.amortization-calc.com>
  - Enter "Loan Type" as "mortgage"
  - Enter "Credit Amount" with the "Seller Carry" (#18)
  - Enter "Loan Term" with the number you wrote in (#20)

Buyers Initials: \_\_\_\_\_ Date: \_\_\_\_\_

Sellers Initials: \_\_\_\_\_ Date: \_\_\_\_\_

- Enter “Interest Rate” with the number you wrote in (#19)
- Press “Calculate”
- Monthly payment is under “Mortgage Summary” (#22)

23. Go to <https://www.amortization-calc.com>

- Determine when the payments will begin (Month and year)
- At the top of the page, right middle, enter the month and year to start the calculation from the drop-down menus.
- Click the “Calculate” button next to the drop-down menus.
- Look down at the “Mortgage Amortization Schedule.”
- According to the number in (#21), find the month and year when the balloon payment is due.
- Look at the column to the far right, the number under the column entitled “Balance.”
- This number is your amount of the balloon payment, place in (#23).

24. Same as (#21)

25.  $(\#22) \times (\#21 \times 12)$

26. Same as (#21)

27.  $(\#17) + (\#23) + (\#25)$

(down payment + balloon payment + total of monthly payments)

Buyers Initials: \_\_\_\_\_ Date: \_\_\_\_\_

Sellers Initials: \_\_\_\_\_ Date: \_\_\_\_\_



**Addendum #2 to Contract**

**Assignment of Contract**

For value received the undersigned, \_\_\_\_\_, as assignor and holder of that certain real estate contract entered on \_\_\_\_\_, between \_\_\_\_\_, as seller, and \_\_\_\_\_, as purchaser, for the sale and purchase of the following real estate:

\_\_\_\_\_,  
does hereby assign, transfer and set over to \_\_\_\_\_, as assignee, the said real estate contract, and said assignor does bargain, sell and convey said described premises to said assignee, who hereby assumes and agrees to fulfill the conditions of said real estate contract.

Date this assignment agreed to: \_\_\_\_\_.

\_\_\_\_\_  
**Assignor (printed)**

\_\_\_\_\_  
**Signature of Assignor**

\_\_\_\_\_  
**Assignee (printed)**

\_\_\_\_\_  
**Signature of Assignee**

STATE OF \_\_\_\_\_ COUNTY OF \_\_\_\_\_

I HEREBY CERTIFY that on this day before me, an officer duly qualified to take acknowledgments, personally appeared \_\_\_\_\_ to me known to be the person described in and who executed the foregoing instrument and acknowledged before me that he executed the same.

WITNESS: my hand and official seal in the County and State last aforesaid this

\_\_\_\_\_  
Date

\_\_\_\_\_  
Notary Public

\_\_\_\_\_  
My Commission Expires



**Addendum #2 to Contract (#2)**

**Assignment of Contract**

For value received the undersigned, \_\_\_\_\_, as assignor and holder of that certain real estate contract entered on \_\_\_\_\_, between \_\_\_\_\_, as seller, and \_\_\_\_\_, as purchaser, for the sale and purchase of the following real estate:

\_\_\_\_\_,  
does hereby assign, transfer and set over to \_\_\_\_\_, as assignee, the said real estate contract, and said assignor does bargain, sell and convey said described premises to said assignee, who hereby assumes and agrees to fulfill the conditions of said real estate contract.

Date this assignment agreed to: \_\_\_\_\_ .

\_\_\_\_\_  
**Assignor (printed)**

\_\_\_\_\_  
**Signature of Assignor**

\_\_\_\_\_  
**Assignee (printed)**

\_\_\_\_\_  
**Signature of Assignee**

STATE OF \_\_\_\_\_ COUNTY OF \_\_\_\_\_

I HEREBY CERTIFY that on this day before me, an officer duly qualified to take acknowledgments, personally appeared \_\_\_\_\_ to me known to be the person described in and who executed the foregoing instrument and acknowledged before me that he executed the same.

WITNESS: my hand and official seal in the County and State last aforesaid this

\_\_\_\_\_  
Date

\_\_\_\_\_  
Notary Public

\_\_\_\_\_  
My Commission Expires





# WORKING WITH COGO CAPITAL





# Working with COGO Capital

## Types of Loans

### What everybody else gets

1. 90% of the Purchase Price
  - Whatever the borrower agreed to pay for the property COGO will loan 90%.
  - The borrower will have to come up with the other 10%
2. 100% Rehabilitation Costs
  - Whatever the borrower has determined is the cost to get the property back on the market COGO will loan 100% of the rehab costs.
  - The borrower will need to have a Contractor's bid in hand to borrow money from COGO.
3. 0% of the Closing Costs
  - COGO will not pay the closing costs of the borrower.
  - The closing costs are the responsibility of the borrower.
4. Up to 65% LTV
  - COGO will pay the above percentages up to 65% Loan to Value.
  - The borrower will have to bring money to the table to cover closing costs and the additional amount not covered in the purchase price.
5. How much must others bring to the table?
  - 10% Purchase Price
  - 100% Closing costs

Notes:

# Working with COGO Capital

Notes:

## **Refinance**

1. Business purpose only.
2. \* All funds being used to go back into the current project or cross collateralization
3. COGO Capital will lend up to 70% of as-is appraised value.
4. If borrower receives more than 10% (of loan amount) cash out at closing, then the loan defaults to a cash-out transaction.

## **Cash Out**

COGO Capital will fund up to 50% of the as-is appraised value.

## **Sources for where to find the money for the down payment if necessary:**

- Equity partner
- Family or friend
- Equity in a free and clear property
- 401K or self-directed (I.R.A.) Individual Retirement Account
- Gap funder
- Cash

## **Basic Loan**

- 1st trust deed lending only
- Interest only monthly payment
- Minimum Loan Amount = \$40,000
- Maximum Loan Amount = Bring the Deal!!!
- 3 to 24 Month Terms
- No pre-payment penalty
- Financial condition – down payment, Construction/rehab costs, closing costs, and 3 months reserves required
- Cross-collateralization allowed



# Working with COGO Capital

## General Applicant Requirements

- Applicant/Borrower must be an existing, valid US business entity (LLC, corporations, partnerships, trusts, etc.)
- Personal guarantor is required - (30% or more owners of entity are required to be personal guarantors)
- US business entities with ownership by foreign nationals are permitted to borrow

## Property Requirements

- Non-owner occupancy only
- Property types – SFR, duplexes, triplexes, 4-plexes, condos, townhouses, MFH's, and commercial
- Clear title required.
- Hazard insurance premium paid at closing. (Including flood insurance when applicable)
- 3rd party independent appraisals by an approved national company – this will be ordered by COGO Capital.
- Property must be habitable, or rehab funds are held in escrow.

What you get:

## 100% Financing with COGO

As one who has become certified by the Lee Arnold System of Real Estate Investing as a Regional attendee, the following shall apply:

Notes:

# Working with COGO Capital

Notes:

We will provide 100% financing on residential loans of:

- Property purchase price;
- Closing costs; and
- Rehab costs

Up to 70% of the ARV appraised value of the property. This will be contingent your mentor's approval on your first 3 transactions.

### Example #1

Purchase Price - \$115,000

Rehab - \$30,000

"ARV" After Repaired Value - \$200,000

Estimated Closing Costs - \$9,500

Max Loan Amount =  $0.70 \times \$200,000$   
= \$ 140,000

### Example #2

Purchase Price - \$50,000

Rehab - \$20,000

"ARV" After Repaired Value - \$135,000

Estimated Closing Costs - \$7,000

Max Loan Amount =  $0.70 \times \$135,000$   
= \$ 94,500

### Example #3

Purchase Price - \$350,000

Rehab - \$80,000

"ARV" After Repaired Value - \$725,000

Estimated Closing Costs - \$20,000

Max Loan Amount =  $0.70 \times \$725,000$   
= \$507,500

# Working with COGO Capital

## Steps to getting a loan with COGO Capital

1. Get property under contract
  - Make sure you have a purchase and sales agreement before you call COGO.
  - Make sure you have included all the contingencies clauses in the agreement.
2. Contact COGO Capital and ask to speak with a Loan Officer
  - Phone: 1-800-369-4237
  - Email: cs@cogocapital.com
3. Tell them you have purchase and sales agreement in hand and you need a loan.
4. They will ask you a few questions
  - The purchase price of the property
  - The rehab costs to bring the property to a place where you can put it back on the market.
  - The closing date for the property
  - The estimated (ARV) after repair value
  - The amount of the loan needed
5. They will send you a loan application
6. You will need to get contractor bid A.S.A.P.
7. The Loan officer will walk you through the process of everything else you will need to close the loan.

Notes:

# Working with COGO Capital

---

Notes: