

# Get Real™

## The Down and Dirty on Real Estate Investing

### THRIVE! Don't Survive...

*In today's real estate market.*



I am sick and tired of seeing so many people sitting on the sidelines. The American public is scared to death about losing their jobs, losing their money and losing their security. Paralyzed by fear so many people are doing nothing but waiting. They are waiting for the government to bail them out, waiting for their employer to help them out or waiting for, a MIRACLE?

The greatest amount of wealth created by the richest people in America has been created by those that took advantage of down markets. Notice I did not say took advantage of people. In fact what they did is found a massive need and filled it. The Vanderbilts and the Fords of this world created vast wealth in recessionary conditions by finding out what people needed and made it happen, no matter what.

A funny thing happens when you can make money in a down market. Lots of people flock to you. People that want to work for you, since they have no jobs, and people that want to invest in you because they have no other avenues to profit from their investments.

In this edition of Get Real you will have a chance to create a new business for yourself in this market by fulfilling the needs of buyers and sellers alike. We are going to focus, of course, on money but that is because money is our biggest obstacle today. I hope this edition helps you begin or build your business so that you can be one of the down market success stories 15 years from now.



NOTES FROM THE EDITOR...

This little section of the newsletter, the one I am not sure if anyone reads, especially since there is this nice picture of us on the right side to scare people away, doesn't always have to be about real estate.



It is election time. I am not going to tell you who to vote for and you wouldn't listen anyway. I would highly recommend that you do vote. You can make a difference not only nationally but also locally. As a small business owner now your local races can have a huge impact on your business, so VOTE!

Also remember not all of your candidates will get elected, don't throw up your hands in disgust and say maybe in 4 years, take the lemons they toss you and make real estate investing lemonade out of it, just like you will do with this market.

*Judson and Lynn Voss*

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**Questions!!**

Got a question you would like to have us answer in depth here in the newsletter? We would love to hear from you. All you have to do is

send a quick email to

[newsletter@getrealrei.com](mailto:newsletter@getrealrei.com)

and we will take a look.

Please provide your name, number and email in case we need to follow up with you and ask additional questions to make sure we get your question right.

## Two Tax Lien Articles for You

### 7 Steps to Building Your Profitable Tax Lien Portfolio

There are seven steps that you need to follow in order to build a profitable portfolio of tax lien certificates or tax deeds. Regardless of which state you are investing in and whether you are investing in liens or deeds, you need to take these same seven steps. The details of how you accomplish each step may change depending on which state you are investing in and whether you are investing in tax lien certificates, tax deeds, or redeemable tax deeds, but the seven steps remain the same. In this article I will outline these steps and give you a brief description of each one.

Step One: Decide on the purpose of your tax lien or tax deed investment portfolio

Are you investing for the future or for current income? This will determine what type of investment will be best for you; tax lien certificates, tax deeds, or redeemable tax deeds. It will be a big factor in deciding where you will invest and in determining your bidding strategy and how you will profit from your investment later on. In short everything that you do to develop a

profitable portfolio will be based on this decision.

Step Two: Determine where you will invest

You need to identify the area or areas that you will be investing in. If you want to invest in multiple areas or more than one state, I suggest that you start in one area and learn how to be successful with that one before moving on to another area. Each state and in



some cases, each county may have different laws and procedures regarding tax sales. What worked in one area may not work very well in another and

you may have a different learning curve for each area.

Step Three: Get the tax sale information

Now that you know where you are going to invest, you need to find out

## Two Tax Lien Articles for You

when and where the tax sale is held and obtain a list of properties that are in the sale. For most areas this step will be easy, you just need to know where to go and who to contact to get this information. Sometimes you will have to pay for it and sometimes you will be able to get it free of charge.

Step Four: Do your due diligence on the tax sale properties

This is the most important step in the process and whether you do this properly or not could mean the difference between being extremely profitable and losing money. Once you have a list of properties that are in the sale, you need to do your due diligence on these properties before you bid. The exact procedures that you follow will vary depending on which state you are investing in and whether you are investing in tax lien certificates or tax deeds. You have to do a little more due diligence for tax deeds than you do for tax liens.



Preparing to go to the sale consists of registering to bid at the sale along with getting your paperwork and payment in order. In most states you need to register before the sale in order to bid. Depending on what state and county you are investing in, you may need to register as far as two weeks before the sale, or you may be able to register as soon as right before. Some municipalities do not require you to register ahead of time, only that you submit the proper paperwork if you are the successful bidder on a property. Some counties will require a deposit in order to register. The deposit amount could be anywhere from \$100.00 to a few thousand dollars (as in the case of many online tax sales). Large deposits are usually returned to the investor if nothing is purchased at the sale. Smaller deposits are sometimes returned and sometimes not returned, depending on the county. You also need to make sure that you have the proper funds for payment before you go to the sale. For most tax sales, only certified funds are accepted.

Step Six: Decide on a bidding strategy

Before you bid at a tax sale you need to know what the bidding procedure is and what your strategy will be. You'll have to

Step Five: Prepare to go to the tax sale

## 7 Two Tax Lien Articles for You

decide before hand just how much you are willing to pay for each property that you want to bid on, or how low (in interest) you will bid. I suggest that you attend at least one tax sale before you bid so that you are aware of what is actually being bid and what the competition is like.

### Step Seven: Protect your investment

Once you purchase a tax lien certificate or tax deed, you need to take steps to protect your investment and maximize your profit. Depending on whether you are investing in liens or deeds and which state you are investing in, these steps may include:

- a) Recording your lien or deed with the county clerk
- b) Paying subsequent taxes
- c) Clearing the title to the property
- d) Foreclosing the right to redeem

This is a summary of the steps necessary to building a profitable tax lien or tax deed portfolio.

### Tax Lien Investing for You

Tax lien investing used to be something that only the wealthy knew about and took advantage of. For decades it was a little known, high yielding investment vehicle. All of this has changed in the past few years as more and more people become aware of the high yields and minimal risk of investing in tax lien certificates. A lot of people have heard about investing in tax lien certificates but they're not sure if it's really something that they can do. Read on to find out if this is an investment vehicle for you.

Tax lien certificates are an attractive investment for the small investor because you don't need thousands of dollars to start and you don't have to pay any brokerage fees. There are drawbacks, however. You almost have to become an expert in tax lien investing to invest profitably.

This is an investment that you have to be able to devote some time to. It's not like you can call your broker and tell him to buy some tax liens for your portfolio. Tax lien certificates are sold at tax sales conducted by a county or municipal official. These sales are usually auctions that are held at least once a year.

## 7 Two Tax Lien Articles for You

Counties with very large populations may hold tax sales quarterly or even once a month. You have to find out when and where these tax sales are held, do due diligence on the properties in the sale and attend the tax sale to bid on properties.

When you are the successful bidder, you are issued a tax lien certificate and must record this certificate with the county clerk. You are then responsible for maintaining accurate records and submitting the proper documents to safeguard your investment.



If you have the time to spend investigating properties and you enjoy the challenge of learning something

new, then perhaps investing in tax lien certificates could be a good way for you to increase your bottom line. If, however, you don't have the time to spend researching properties and finding out about tax sales, then this is probably not the right investment vehicle for you.

Another thing you want to consider is where do you live. Some states do not sell tax liens, and if you do not live in a state that has tax lien sales, you may have to spend a considerable amount of money traveling to tax sales in order to buy tax lien certificates. Although some counties have online auctions or sell tax lien through the mail, you would still have to do due diligence on properties before you place a bid. If you don't, you may wind up losing money by buying a tax lien certificate on a worthless piece of property.

## Thrive, Don't Survive in this Market

In the past we have really focused on teaching very specific types of real estate investing as far as strategies and techniques. Don't expect anything different here but I do want to take an opportunity, a golden opportunity to talk about something very important, how to invest in Today's real estate market.

Many of the gurus are still stuck talking about the same old thing. Not that there is anything wrong with what most of them are teaching but for some it is a little dated. You see if you have to develop a presentation over the years and you get it down it is hard to change.

We don't have that problem. We spend our days in the actual real estate market. We roll with the punches.

What I didn't realize until recently was just how much we do roll with the punches and make changes. Other investors or outsiders have asked how do we stay relevant in today's market? The answer is somewhat simple. We do things the same and we do some things completely differently.

That might sound like a contradiction but in reality it is not at all. Some parts of our business have stayed exactly the same since day one. We still require

accountability from our contractors. We require professionalism and honesty from all of our vendors. Most importantly we still choose the best of the best to be on our team.

At the same time we have found new ways to acquire properties. We have new ways to finance properties and we have new ways of selling or renting properties. Completely different than 2 years ago. Are we smarter than the average bear? Probably not, I know I am not. What we do though is look at the market opportunities and play to it's strengths.



You can spend the next twelve months listing every weakness the current real estate market has and in the end all you will have done is spent twelve months not making money. Here is the real kicker though, someone

else spent those twelve months amassing a fortune in real estate. So what was the difference in the two approaches? Seizing opportunities.

In this article we are going to look at the different ways you can seize the truly unique opportunities that today's real estate market provides. If you want to get miles ahead of your competition and learn to develop a plan that will

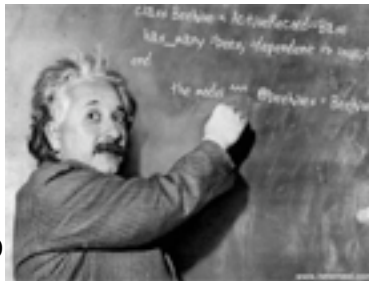
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allow you to profit instead of pout then I need you to read on and really invest yourself into the action items outlined.

### Education

Brandon Smith our accountant came on the show this week and talked about the tax deductibility of educational material and seminars. What surprised me was that Brandon was not emphasizing the fact that it was tax deductible as a business owner but more importantly that it is essential to the success of your business.

Brandon is so adamant that he will argue with the IRS to the need for education in your real estate business. As he mentioned it is just as important as getting a college degree to work in your day job. I guess the point to this whole thing is if your accountant thinks it is important and should be a major investment in your business then maybe it is time to start listening.



Now for my spin on the whole thing. I don't think you should spend all of your time at seminars and listening to CD's on real estate investing but I do think you should spend a significant amount

of time on it. You need to get out there and take action, especially at the beginning of your career you need to understand the foundations of the business.

That advice is good solid advice in any market but education in today's market is even more important. I highly recommend starting with the basics. You need to understand the terms and strategies that are the foundations of creative real estate investing.

Start by understanding how to find sellers who will be flexible with price and terms. There are many good home study courses on the subject. We believe our course, Get Real, Get the Deals, (<http://www.amazingrealestatedeals.com>) is a great value and a good start to your education on motivated sellers. I can't emphasize enough how important it is to know how to find your own sellers. You can spend your whole career looking for great deals on the MLS and you will end up frustrated and disappointed with real estate investing. I don't mean you can't find deals on the MLS but you will starve as an investor if that is your only source for deals.

Once you have developed a consistent and reliable source of motivated sellers, I would turn my educational efforts to understanding how to finance my

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properties. We will talk more about creative financing later in the article but I can tell you that it is not just a neat trick. In today's market creative financing may be your number one source of financial backing. Make sure you begin to understand the in's and out's of this topic. A lack of knowledge on private funding, owner financing, etc could be a quick end to your real estate investing career.

Once you have these two pillars of the fundamental creative real estate investing strategies it is time to begin to combine these strategies into a simple source of income production. In any market but especially this market we need ways to create chunks of cash to bridge the time between the really big paychecks. Small amounts of cash flow are great and begin to build your portfolio with long term holds but they don't pay all of the bills.

No matter what the market is I would recommend moving into wholesaling to bridge those gaps. If you understand how to find sellers then all you need to do is learn how to build a reliable list of investor buyers for your properties. Of course it is easier said than done but it is, like most things in real estate investing, a learned skill. If you want to understand the fundamentals of wholesaling then visit our site <http://>

[www.wholesalingforcash.com](http://www.wholesalingforcash.com) for more information and to get started today.

So how do you keep up on things in the current market? This really is the key, after you understand the fundamentals. Have you ever seen someone that just seems to always have the good ideas? They just seem to have their pulse on things and are one step ahead of the crowd? Here is how I try to do it.

The first thing is the old fashioned way. I talk to other people. Other investors in your area or any other part of the country can be great sources. They can be your eyes and ears for what is happening that you might not see. Even better if you have a wide network of investor friends you will begin to see a pattern.

Here is a great example. As the mortgage crunch began to effect investors all of my friends that loaned hard money told me they were becoming much more selective because their investors were having trouble refinancing out of loans. This was a sign of things to come for me and I started shifting the focus of my business' acquisition strategy away from buying with hard money and construction loans then refinancing and moved into buying via subject-to and owner financing. To be



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profitable you have to see this coming. You don't wait until it is too late and scramble. For us there was a ramp up time to learn the process, market for the correct sellers that could and would finance this way.

A natural fit to working with other investors and understanding where they are at in the market is to network with other real estate professionals. This could be mortgage brokers, realtors, attorneys, accountants, etc. These people regularly work with other investors. They may be the first to see a new technique, strategy or investment style before anyone else. Buddying up to these people can be a wealth of information that comes well before the curve.

After you have tapped your network then, and only then (I am serious here) you can move on to other more automated ways to keep up on the market. Of course listening to shows like Get Real and magazines/newspapers are a good source of information. The internet though has so much more information to really help you get plugged in. Plus the internet is much more diversified than the mainstream media so you can pick up more outlying ideas.



Searching the entire internet can be a daunting task. I recommend using some automated search tools. The best one I know of is Google Alerts, <http://www.google.com/alerts> Visit this site and develop your own searches. You can decide how often you receive news pieces and how you get them. The key of course is the keywords you are searching on. You will get articles about your keywords so the more generic the more articles you get. For example, "Real Estate Investing" is going to return a lot of articles each day. At the same point, "Gross Point, Michigan Real Estate Investing" may get you something once a week or so.

I like to do searches that are pertinent to things I am trying to understand at the time. If I am looking for new ways to finance properties then I will create a search such as, "Alternate Financing" or "Creative Financing."

You can do these searches for any topic you are looking to learn more about or even topics that you are trying to understand how they are changing. Maybe 18 months ago I would have been running a search on "Sub-Prime

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Mortgages.” This would have kept me abreast to the changes in that market.

A word of caution on these searches, as is true with all of the internet, just because something is written on the internet it does not mean it is true. In fact most of the time information you come across is opinion and not an actual fact. So don't jump on a band wagon until you understand the details and think for yourself.

One final word of advice on education; no matter what the market I recommend not only learning the basics but when you learn the fundamentals of what you want to learn about make sure it is a strategy you are interested in. There are many types of investing strategies that work in today's market. Picking the right one for you is essential.

### Financing

OK, to me this is the number one biggest opportunity to thrive in today's market. For those of you reading that have unlimited funds and can pay for every property with cash this will be a little boring. For everyone else, you might want to read on. Just about every guest I have had on the show in

the last 3 months tell me that our current market conditions are not about the housing market. Instead this is a credit crunch.

What does that tell us about running our business? If we can solve the financing issue we can really take advantage of this market. Remember we are trying to thrive not survive. I promise if you try to just limp by or just tread water waiting for things to get

better you are going to lose money big time by sitting out on the best real estate market in 15 years. I promise.



So what are some of the things we need to look at in our current market when it comes to financing? Let's work our way backwards into that question. The number one problem facing investors

and home owners in today's market is the ability to get traditional financing to purchase a home. This means that not only is it hard for me to get a loan to buy an investment property but if I want to sell a property to someone else I need to worry about how they will get financing.

One of the funniest things about realtors in this market is that they are worried about not having sales because

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they can't find buyers for listings. When in reality there are plenty of buyers for homes but there aren't many that can get financing. If the realtors would focus on getting financing to buy a home then they would sell a lot more homes. Great news! You and I as investors have even more flexibility than Realtors when it comes to getting our buyers financed into homes.

### *Financing for Me*

Let's start with financing for your purchases of homes. If you walk into a lender's office today and tell them you want to buy an investment property and you have a 780 credit score at best you are going to be offered a loan with a twenty percent down payment. At worst you are going to be declined because you own more than three properties. I know many new investors are saying, I have less than three homes and twenty percent to put down on a home so I am still OK.

You really are not OK. How long do you think it takes to acquire three properties? How long do you think it takes to run through your twenty percent down deals? It goes quickly, trust me I know. Plus some lenders are

not going to allow you to purchase many properties in a short period of time. Lenders with the best interest rates may only allow you to purchase one home in the first year you are an investor to ensure you don't bite off more than you can chew.

I will be honest. I don't feel this way just because of the current market. Call it my years of financial training but the only purpose to a business is to maximize the return to shareholders. In this case it is the best use of my money. This means it doesn't matter if I have the money for a down payment, it means that I'm making the best use of my money. Let's look at an example.



### Traditional Financing:

Purchase Price = \$200,000  
Down Payment @ 20% = \$40,000  
Annual Rent Revenue = \$18,000  
PITI (Principal, Interest, Taxes, Insurance) = \$15,600  
Cash Flow = \$2,400  
Return on Investment = 6%

There are a couple of items you should note here. First of all I am assuming a 6.125% interest rate on a 30 year fixed mortgage, anything greater would cut

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into your profit. The second thing is I am assuming a pretty good deal since it is cashflowing at \$200/mo. Most homes in this price range won't cash flow like that in the current market unless you are getting yourself a really good deal (see the section on finding motivated sellers.)

Even with a really good deal I am getting a 6% return on my money.

This is probably a decent amount for a mutual fund or guaranteed return annuity. Now if I am trying to make a living with a business and make the kind of money that will pay the groceries I am probably in deep doo-doo.

One last thing on traditional financing...

I will tell you that when I first started investing I had to do everything with traditional financing also. I will also be honest and say the reason I did it was because I thought I was "above" creative financing. That stuff was for people that weren't as good as me and couldn't afford "real" financing. Don't learn that lesson the hard way like I did.



Now let's talk about the other side of the fence, creative financing. Creative financing IS what real investors, regardless of their asset position, turn to first to finance real estate. If you are looking to really thrive in the current market then I don't think you have a choice but to use creative financing. It's OK, not that scary, just like anything else it is something you have to learn. Believe it or not just like in any profession the more you know that others don't, usually means you make more money.

So let's learn a little bit about financing options that work really well in today's market. The first strategy we look at is Subject-To financing. This is an opportunity where you keep the existing owner's financing in place but we take over the deed to the property and the payments.

Subject-to financing is a great way to acquire a property that is in pre-foreclosure. If a home owner is only worried about getting out of foreclosure and saving their credit this can be a great solution for them. It is a way to move on to a rental property, which is what they would do if they went through foreclosure, but not have the negative mark on their credit.

More and more these days subject-to financing is becoming popular for

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people not in foreclosure. Many homeowners looking to upgrade in homes or are changing jobs and relocating need to get out of their current home. As many of you know if you have tried to sell your home lately the market is slow. If you could get out of the payment on the home and be able to purchase your new home a subject-to deal could be just the thing for you.

As a real estate investor the subject-to financing deal is great. You don't have to worry about a large down payment and the home will not show up on your credit report as a mortgage. This can be a really great deal for you as an investor. There will be some homes that need some repair or a pre-foreclosure situation where the home owner is behind on payments that have to be caught up. It is rarely a situation where your cash outlay will be anywhere near that magic twenty percent financing deal.

Now I don't want to make subject-to financing sound like something you just do. Just like anything else it is a serious strategy and you need to be educated in the best way to execute a subject-to closing. You will also need to

make sure you line up an attorney that is familiar with the subject-to closings to make sure everything goes as planned. If you would like to learn how to acquire and close subject-to deals I would recommend attending our next session of Get the Keys, <http://www.getthekeys.com>

The second financing option you will want to learn is how to structure private money deals. With the recent decline in the stock market there is a large

amount of smart money that is moving out of the market looking for a better return and more stable investment. I know that you are thinking because of the recent media blitz about mortgages and foreclosures that the real estate market isn't

very stable.

Then again let's look at it just from a numbers standpoint. The Dow was at 13,000 six months ago. Today it is around 9,000. That is a thirty percent decline in just six months! There are probably a couple of very small markets in real estate that have seen this decline over the last eighteen months. On average though the US housing market has held steady in most places and/or moderate price erosion of less



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than ten percent. Smart money says this is a stable investment.

If you are going to thrive and not survive in today's market you need to learn how to not only structure a private money deal but also attract private money. Here is my secret to successful private money funding. Don't find just one investor. Surviving in this market doesn't mean getting money from one rich relative to fund your deals. Guess what, that money will run out sooner or later, just like your twenty percent down payments will.

The real key to private money is to have a stable of ready and willing investors who will provide funds for you as you need them. Just like wholesaling a house not every investor will want every type of deal. Some will want short term investments, others will want long term investments with cash flow. The key, just like your wholesaling buyer's list, is to have many of them.

Our Get the Keys class, <http://www.getthekeys.com> and throughout our show will provide you with ways and places to find private money. It is most important to get the word out and then to let the private investor know, WIIFM (What's In It For Me.) They don't care how much money you will make or what you are getting out of the deal. They want to know what they are going

to get. In fact they are more concerned about that than how much experience you have or how your past deals went. With that in mind, focus on telling them WIIFM instead of worrying about your experience or track record. You will attract more money that way.

My last financing option to thrive in this market is owner financing. There are plenty of people out there, if you know where to look that can provide partial or complete financing of their homes to you. Of course this is not going to be every owner but there are still many that can. The key is to target your marketing to get the results you want. I spend a lot of time on targeting your marketing and developing a plan of attack in Get Real, Get the Deals, <http://www.amazingrealestatedeals.com> for the sole purpose of concentrating your efforts and getting calls from just the people you want.

If you want to get calls from people that are either going to owner finance a home or let you take it over subject-to then you can focus in on a very specific niche list of people to get just those phone calls. It is a matter of the best use of your marketing dollars.

When buying a home through owner financing I have just two rules. The first is everything is negotiable. The owner is looking for something and you are

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looking for something. If those two needs can be met then who cares what the purchase price is, interest rate, etc. As long as you are both getting what you need then you have a good deal. Rule number two is close these deals exactly as you would if there was a mortgage company involved. You must get a title search, title insurance, survey if necessary, termite inspection and all of the other stuff that you pay for on the HUD. Protect yourself and the seller no matter what. It is the responsible thing to do.



## *Financing for the Buyer*

Enough about how we are going to set ourselves up for success through financing in this market, let's talk about the buyer for a minute. Assuming that everyone and their brother is right and the current market is not a housing issue but instead a credit issue, what is the number one problem we can solve to sell houses, rent houses, and in general get some green in our pocket?

If you said find a ready buyer, you are wrong! There are buyers all over the place, they are ready, they are willing, but they aren't able. Instead what you really need to do is find an able buyer. That is what most Realtors are focusing on now, finding that qualified buyer.

OK, that is actually a trick answer. People that survive in this market will put together a system to find just the qualified buyers. They will pre-screen them and separate the wheat from the chaff as they say. You on the other hand want to thrive in this market. If you are going to thrive you need to create able buyers, not just find them! If 20% of the buyers can buy now you can only ever get 20% of the market, if you corner the whole thing. If you create able buyers then your market is infinitely bigger.

If it was as easy as creating an able buyer then everyone would do it. The reality is it is not as hard as you might think. It just takes some work upfront and over time. You won't get a lot of people buying your houses out right today but within twelve to eighteen months of meeting you it is very possible. Our number one exit strategy right now is the lease option. This allows a buyer to move into a home today, provide you an option payment the size of your average wholesale deal and then close on the home in the future.

Again, good buyers are made and not found. You will want to pre-screen

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these buyers to make sure they will be able to buy in the future based on their current credit condition. Then you will need to work with them over time to ensure they are going to close on the deal. We insist that each tenant-buyer works with our credit repair company to develop a plan for when they will be able to buy. This allows us to know how likely it is they can buy in the future and just as importantly it allows us to monitor their progress throughout the process so we know if they are going to meet their twelve to eighteen month goal of buying our home.

You can find out more about how we manage our credit repair programs from the August 26th show, show number 116. In this episode we interviewed Pam Turner from Limitless Credit Solutions about just how the process works and what credit repair is. I will say this as politically correct as possible. Make sure the company you use is a true credit repair/counseling organization and not just a multi-level marketing company. Your future profits depend highly on your ability to manage your tenant-buyers credit worthiness.



Some investors would like to provide owner financing to buyers on their deals if they own the home outright or a large portion of it. Here is my take on this. Stick with the lease-option. With a lease option you are not giving up ownership interest in the home until the buyer pays for the whole home. In the meantime if they stop making payments you can still evict them from the house instead of foreclose, which is a much quicker process.

If a buyer is given ownership interest through an owner financed deal then they must be foreclosed on if the deal goes south. This means many months at least of you not getting income from the property and a considerable amount of money in legal fees to execute the foreclosure process.

Stick with the lease-option for the simplicity of it. I highly recommend using the same process and forms we use for lease-options and that is Andy Heller's Action Program, <http://www.getrealrei.com/actionprogram> it is comprehensive and easy to understand and execute. Lease-option money doesn't come tomorrow morning but it will come over time and as you build

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# Thrive, Don't Survive in this Market

your business with them you can make good money from these deals.

## Acquisition Strategies

If you noticed I did not spend much time in this article talking about acquisition strategies. The main reason for this is I truly believe that how you finance deals is so much more important in today's market than how you get them. In fact I believe that many financing strategies today have become the acquisition strategy. I don't care if a house is in pre-foreclosure, post-foreclosure, the person is moving, the person lost their job, etc. All I care about is having someone with flexible terms and conditions so that I can use creative financing.

That said you still need to analyze each and every deal for it's worthiness in today's market. The market in small micro areas can change for the better or worse and you as a professional investor need to look at the situation. Instead of spending time on how we want to acquire properties let's look at if we want to acquire those properties.

If I am buying a home for a very long term buy and hold, let's say 15-20 years then most of the current market conditions will not matter to me. Do I care if the home goes down a little bit in value over the next year? Probably not.

If I truly intend to keep the house then my main criteria today will be cash flow. If I am happy with the cash flow numbers and the purchase price then I should be in good shape.

If I am purchasing the home for a shorter term hold then I need to look at other things happening in the neighborhood. In today's market there are going to be some foreclosures, I don't have a choice but I want to make sure there aren't too many. If there are a lot of foreclosures then the banks are going to discount these homes to sell them and move the inventory. This is great for investors buying the homes at a discount but it is bad for property values on surrounding houses. These discounted homes will become the comparable sales over the short term for this house.

I will also want to look at certain criteria that is important no matter what the market. Is the home functional? Do I have to walk through one room to get to another? Is the home on a busy street? Are there major repairs that may be too much work for me or items that have to be disclosed when selling the home that may make it less attractive than other houses a buyer is interested in? These are the items that I look at. These are not deal breakers necessarily but they are definitely items I will want to discount the purchase

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price for so it reflects the true value of the home to me the investor.

There are very few homes that are so bad that I can't buy them and make money on them. They just need to be at the right price to make them a good deal for me. If a home needs major repairs, is in a bad location and the owner is only willing to take a small discount then it probably is not the deal I am looking for.

Additionally if I am looking at a short term hold, especially a subject-to deal then I will be looking for a good purchase price and a stable local market but in addition I will be very concerned about the cash flow. I want a home that is going to make me money now and cover any maintenance on the home during the time I am in possession of the house. I don't want negative cash flow with the hopes the home will sell for more money in the future and cover my costs. This can be very risky in this market and on a subject-to deal.

## Build Your Own Strategy

I have talked about quite a few different ways to acquire and finance properties in today's market that will work very well for just about anyone looking to buy homes. Most of these take very little of your own money to get started. This

means you can actually pick and choose.

This is not a piece of advice that is based on today's market but it carries in all markets. You must choose strategies that work for you. If you don't feel comfortable working with homeowners in pre-foreclosure then you will never be successful at it. At the same time you hate working with banks to buy post-foreclosure properties or negotiating short-sales then guess what your success level will be there?

In our one day course, Pick Your Future, Pick Your Fortune, we stress the need to look at the assets and constraints that make you unique. You need to look at how much time you have available to dedicate to your investing career. If you are only looking to do this for a couple of hours a week then a time intensive strategy obviously will cause heartburn. Your personality is a major player in your success. If you are an extrovert and love talking to people then you will want to pick ways to acquire properties that are very hands on and high touch with the sellers.

Even though you will not need your own money or credit it is important as the last part of choosing your strategy that you analyze your own capital credit and just as importantly review your ability to

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raise capital and credit from other people. Understanding your access to money and credit is crucial in deciding just what type of investing you will be successful at. The more money you can raise the more options you have available for investing.

Don't forget that you don't just have to choose one strategy to invest in the current market. I do recommend focusing your marketing efforts into a niche area so you don't waste your marketing dollars on leads you don't want, but don't turn away deals.

I would always be ready to wholesale a home that does not fall into your criteria so that I can make some extra money. My marketing dollars are valuable to me and I want something from everything I do. Even if I don't feel good about writing a contract on a home I might still ask to write an option agreement to tie up the house for a short period of time to see if I have a buyer interested in taking the house off of my hands.

## The Fears

I am not so naive as to believe that you don't have concerns. The economy is slowing down, the mortgage industry is in turmoil and all of the homes on your street that were for sale six months ago are still for sale. I understand how it

looks. I also understand the bottom line. People make money on the way out of and at the bottom of a market and not at the top. Are you afraid because you have friends or family members that bought at the top of the market and now are stuck with a home, or losing money on a home because the market has slowed and the value has dropped?

This is exactly why now is the time to learn to master your fears and have the vision for the future. I make money on rehabs because I walk into what other people see as a nasty home and I see the potential. On top of that I have the education and experience to know what type of work is needed and how much. With this education and vision I get excited the worse a house looks, why? I realize that a lot of other people are going to see this house and be scared away. That means money for me because I am confident in my abilities and my ability to make changes. (Mike Knight and I spoke about that when we recorded our most recent Get the Keys, <http://www.getthekeys.com> bus tour.)

Investing in today's market is exactly the same thing. It looks like a mess right now and things are falling apart, but if you have the vision to see the future, and the future is fairly easy to see as housing markets have always gone up over time. And you have the

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ability to get the right education you can position yourself for some really great profits over the next 2-3 years and for the rest of your life.

You need to overcome your fears though. The only way to do this is to learn more about what you are doing. This means getting educated through home study courses, through seminars, through other investors that are staying successful in this market, and doing research on your own. You will never be 100% confident and that is a good thing, but you will overcome your fears enough to make some money investing in real estate.

Have the vision today to not look at your current situation. It does not matter how much money you have now, what your credit is or how your job outlook appears. The only thing that matters is what you want in the future.

You can never get to where you want to go if you are bound by where you are today. I know people that have accomplished great things because they saw themselves differently than their current situation in life. I know people in my life today who have or are having rough times and as they begin to see themselves as who they will be and not what their situation is will and have started to make quantum leaps in changing their lives. I truly hope and

pray that you will also be one of those people and prepare yourself for the success you can have for the rest of your lives in real estate.

## GREAT EDUCATIONAL OPPORTUNITY

### Get the Keys



There has been a ton of interest for many new investors that have asked us to guide them through the process of buying, selling and leasing homes. Until now we didn't really have a platform to provide the level of service we are used to providing. Welcome to Get the Keys.

Get the Keys is a four day intensive training class with Judson and Mike Knight. This is a step by step program designed for individuals that want to start investing in single family homes and build their business today. This is not a "survey of real estate investing" class. We show you how we run our business and GIVE you the tools you need to make it happen.

This course is not for everyone. It takes a level of commitment and passion. The next class will only be opened to 15 students, and is held December 4-7, 2008 in Charlotte, NC. Find out more at [www.getthekeys.com](http://www.getthekeys.com)

## Upcoming Events

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