



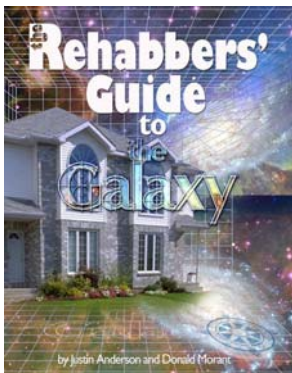
REHABBER'S NEWSLETTER

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Special points of interests included in this issue

- 3 Smart No Money Down Techniques.
- Short on Cash? Try "Subject To" Deals
- Who Does Title Insurance Really Protect?
- Why Sellers Are Motivated To Carry Financing.



SHOW ME NO MONEY

BY JUSTIN ANDERSON

The truth is, anybody can put a deal together. At it's most basic, it's a simple process of agreeing on terms and then spending a couple of quality hours making sure every i is dotted, and every t is crossed. There's really not a lot of mystery to it...unless, of course, you're looking to do it with no money down. Then it becomes something more than a mystery. It becomes an art.

There is a variety of ways to accomplish the coveted No Money Down Deal. None are particularly tricky or unusually complicated. Where the art comes in is finding the additional parties required to make these deals work and, more importantly, discerning which No Money Down Technique will work best given the individual situation.

Creative, no money down deals were something

of a necessity for me when I was starting my business. I had no money, so I had to figure out creative ways to put deals together using OPM...Other Peoples Money! What I found as my



business grew was the techniques remained reasonably constant regardless of size when it came to putting my deals together; the key thing that changed was the number of zeros on the checks! As such, nearly all of my real estate assets have been acquired using one of my 3 Favorite No Money Down Techniques.

Owner Financing

Owner financing is when the current owner agrees to sell you their property and essentially acts as the bank for your transaction. In this scenario, the seller is selling you their property, and they are lending you the money to buy it with! This is one of the greatest techniques to use, especially if you are in a situation where you have absolutely no money, or if you have bad credit history and will have trouble qualifying for a loan.

Owner financing is not that uncommon when dealing with an owner that owns a property free and clear, this is sort of a win-win situation.

(Cont. pg. 4)

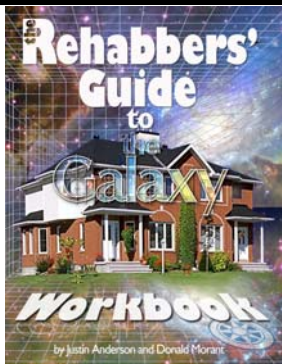
SUPER SIZE PROFITS THROUGH SUBJECT TO

BY: DON MORANT

Purchasing real estate can be handled in many different methods. With the market slow down it requires us as real estate entrepreneurs to be more creative and to re-

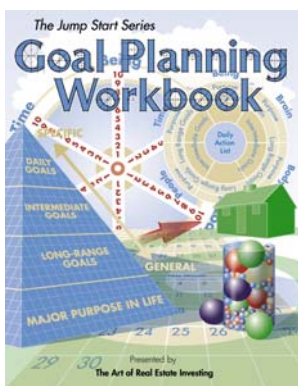
calibrate how we make offers. One of the best methods to acquire properties in this market is "Subject To" also referred to as "Getting the Deed". This approach will allow

you to acquire properties with little or no money down. But the major difference in today's market, "subject to" deals must have equity that meet you're, buying criteria. (Cont. pg. 3)



“Ideas without
Action are
worthless.”

-Harvey Mackay



DUE DILIGENCE

BY: LAWRENCE MINOR

As deals flow your way and your real estate business explodes with cash, don't become blinded. Remember the battle cry, perform your due diligence. Webster's defines this as :”

In this article we'll focus on, title insurance. **NEVER, NEVER** acquire a property without doing a through title check and obtaining a policy that protects you. Do you know which policy protects YOU?

- Bank/lender Policy
- Owner/buyers Policy

The lender always requires that you pay for title insurance if they are lending money, so everything should be okay, shouldn't it? Always get your own title insurance, don't rely on the lenders policy. News flash!!! The lenders title insurance doesn't do a thing for you.

Let me relay a story, involving old savvy investor and title insurance. Savvy investor had a bank repo prime for renovation and rental. This involved a two step loan process where he installed HVAC, a new kitchen, new carpeting, painted everything, did general cleanup and ended up with a perfect little house. Heck old savvy even put \$20,000 in his pocket and was ready to close on the permanent loan. Even with two closings old savvy wasn't scheduled to put a dime out of his pocket, sweet deal.

The renovation was finished and the clock was ticking. That short term loan had to be paid off shortly and those late fees were a killer. Now the lack of due diligence reared its ugly head. The

second lawyer says there is a problem and savvy investor can't close on the permanent loan. Time has run out on that first loan and those penalties are building. After hounding the lawyer, old savvy is told that someone failed to fill in some information on the foreclosure paperwork. There are a few blanks and the chain of title isn't complete. Savvy investor talks to the original mortgage company and they don't have a problem. They have



title insurance to protect their interest. They really feel bad, but they expect their note to be satisfied, and are more than happy to collect late fees and penalties. A month later and the second lawyer still won't close and the penalties are rising. Savvy investor goes back to the original lawyer and tells him you closed the first loan, make it right. For the first time savvy investor insists on getting owners title insurance.

From now on old savvy will spend those few “extra” dollars. Old savvy should have asked for his own title insurance on the original loan. During the first closing the lawyer

asked him about title insurance and you signed a sheet saying that you didn't want to buy your own policy. Just because a Lawyer did a title check and the bank was satisfied, doesn't mean that you are protected. Now that clerk working for the original lawyer should have done a thorough check, but who is left holding the bag. As a side issue, ensure that your title insurance covers the cost of the property after all repairs. If you obtain title insurance based on the purchase price, then put another \$15,000 into the property, what do you think the insurance company will say they owe you if a claim occurs?

SHOW ME NO MONEY! (CONT.)

For you, it's a way to reach a financial agreement that does not entail putting money down. For the seller, it's a way to, in the long run, possibly make more than the sale price off a given property.

Equity Investment Partner

This one is pretty straightforward. You find someone that has the down payment money for your deal and partner with them. They bring the money to the table, you bring the deal. It is again a win-win situation, for without you, the investor has no where to invest their money. How you split the ownership interest is where the art, the creativity really comes into play. There are as many ways to structure a partnership as there are deals to structure partnerships around. For me, I began by following the KISS principle...Keep It Simple (Insert your favorite S-adjective)...I brought the deal to the table, my partners brought the money. We split everything right down the middle, 50/50. We split cash flow, equity growth, appreciation, everything.

Another example of an ownership split; let's say you find an investor willing to put down 20 percent as a down payment. In return, they get 20 percent of the cash flow from the property and, when and if sold, 20 percent of the profits.

Of course, as I mentioned there are literally thousands of options for structuring your equity partnerships. My recommendation is to start simple, then as you gain a greater understanding of how to put your deals to-

gether, get creative. Think outside the box and look for that angle that no one else can see on the deal to make maximum profits!

Private Money

Private Money
Lenders have cash available from time to time to make collateral based loans. These individuals will typically be much cheaper than the hard money rates and their terms can be much softer as well. Many of these individuals will look to you for what you are willing to pay rather than telling you their require-

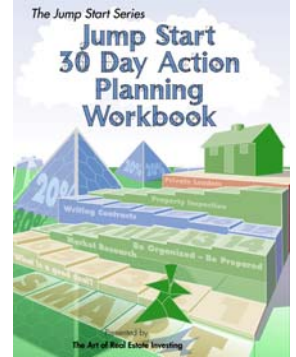


ments. It would not be unusual to get money at 8% to 12% with no points and no pre-payment penalty. Don't abuse these lenders! If you treat them right, you will have more money pushed at you than you can find good deal to place the money.

More than a few investors have promised to pay the interest while the money sat in a bank account waiting for a new deal. This is extremely dangerous. When they didn't find a deal, they used the loan principal to pay the interest. Even worse, the investor feeling the pressure to get the money working, purchased property where the deal was mediocre. Then there was no room for contingencies or mistakes. The inves-

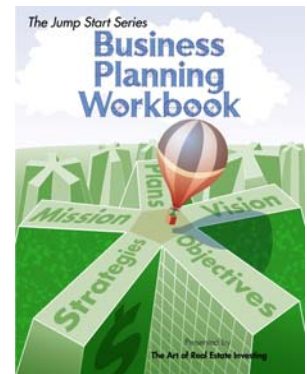
tor may have gotten into a property where there was no profit or where there was no resell market. In any case, the investor and lender were stuck. Have any private lenders send their funds directly to the attorney or title company closing the deal. The private lender then gets the note and security instrument back properly executed and filed. This is the best way to protect you both in a business like manner that the lender will respect.

More people than you realize would like to dabble in the real estate market. Many, however, would like to start small. Here's an idea that's good for them and you. By borrowing a down payment from a friend, business acquaintance or relative, you can offer them the thrill of real estate investment – and an eight to twelve percent return on their money – and you are able to enter the deal with no money down. Here's the best part. After a couple of successful deals, you may find that you no longer have to hunt for down payment investors. The quick and notable return on investments will soon have prospective financiers coming to you.



“Go for it now.
The future is
promised to no
one.”

-Wayne Dyer



Rehabber's Recommended**Reading:**

- **The Obsolete Employee**
By: Michael J. Russer
- **Rich Dad's Guide to Investing**
By: Robert Kiyosaki
- **Nothing Down for the 2000's**
By: Robert Allen
- **Emerging Market**
By: Dave Lindabl
- **Making Hard Cash in a Soft Real Estate Market**
By: Wendy Patton

OWNER FINANCE

BY: BERNARD BARBOUR

In the midst of all the real estate hoopla about the market down turn, foreclosure rates rising and buyers finding it harder and harder to obtain credit from the institution arena, more buyers as well as sellers are beginning to use owner finance as a way to purchase or sell a home.

In this brief article I will cover various ways that owner finance can be used as a great strategy to buy or sell that next home or investment property.

Buyers choices for owner finance are very broad. Buyers may choose several ways in order to structure a mortgage perfectly situated for their particular purchase. We will look at two ways briefly here. Owner finance with short term financing

from the seller. This may include the owner seeking a large down payment, with a portion of the monthly rent amount going towards a credit and where at some future time the seller must be paid off fully (balloon payment), requiring the buyer to refinance the home. This one of the most common terms used by sellers.

Buyers need to be firmly aware of the all of the terms and conditions of these type of financing terms. Many times sellers will require the buyers to work on credit issues, make each payment on time and pay by check. This is an excellent way for buyers to rebuild their credit.

The second most common way of owner financing is for the seller to carry

the entire loan amount for a 10, 15 or even a 30 years mortgage just like the bank. Again this type arrangement usually requires the buyer coming up with a down payment and all of the monthly payment is applied to the principal and interest just like the bank loan.

For sellers, many like the idea of owner finance for many and various reason. I will mention two of the most popular reasons why. First there is the major tax implication. Sellers will not get hit with a major capital gains bill since they will be receiving a small monthly mortgage check. And secondly the seller will still enjoy being able to write off some of the cost associated with the deal such as taxes and interest.

"SUPER SIZE PROFITS THROUGH SUBJECT TO" (CONT.)

This method will allow you to purchase thousands of dollars of equity with little or no money down. So, what is "subject to"? "Subject to" is getting the deed to a property without getting a new mortgage. Instead, the seller signs over the deed to the home "subject to" the existing mortgage. The existing mortgage stays in the sellers' name. The buyer/ investor makes the mortgage payments on the exiting loan and does not get a new loan. This is an excellent method to acquire as many homes as you like. The only limitations are with your ability to structure deals that will work for you and the seller.

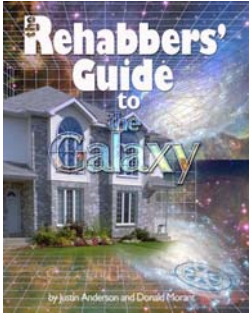
What are some of the advantages of "subject to"?

- The title is in your name or your company name. You have full ownership.
 - The mortgage note is not in your name (you have the ethical responsibility to pay the note)
 - Some very motivated sellers will pay you to take the deed.
 - It is much easier to prove "seasoning of title" when you sell or want to refinance
 - When you are on the title you will have long term gain vs. short term if you hold the home for longer than 12 months.
 - Are homes going up in value or down or is the market flat?
 - Does this home have equity or not?
- All these factors make a major difference in how you will structure your deal. Also make sure you get a good attorney on your team to close these deals. In today's market you don't want to do table top closing.
- But remember that you are seeking to get homes without having to go to the bank and that there is a large supply of sellers in most markets who are ready to sell. Additionally lenders have tightened lending requirements which has limited the number of buyers. Do your homework to cash-in on what is happening in your market today!

"Opportunity dances with those who are ready on the dance floor."

-H. Jackson Brown Jr.

The Rehabbers Guide – Product Information



YES!! Sign me up!

\$599

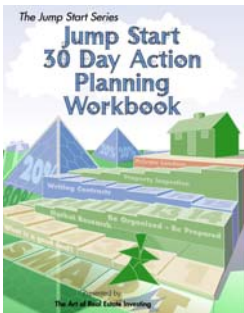
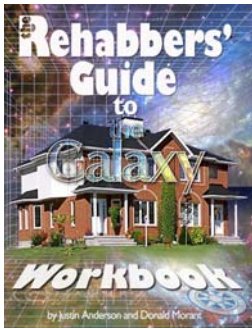
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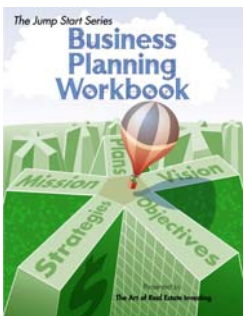
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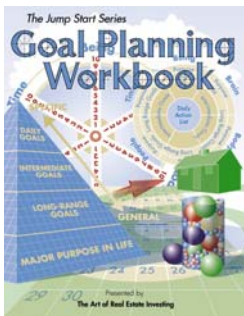
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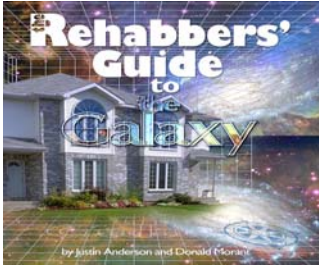
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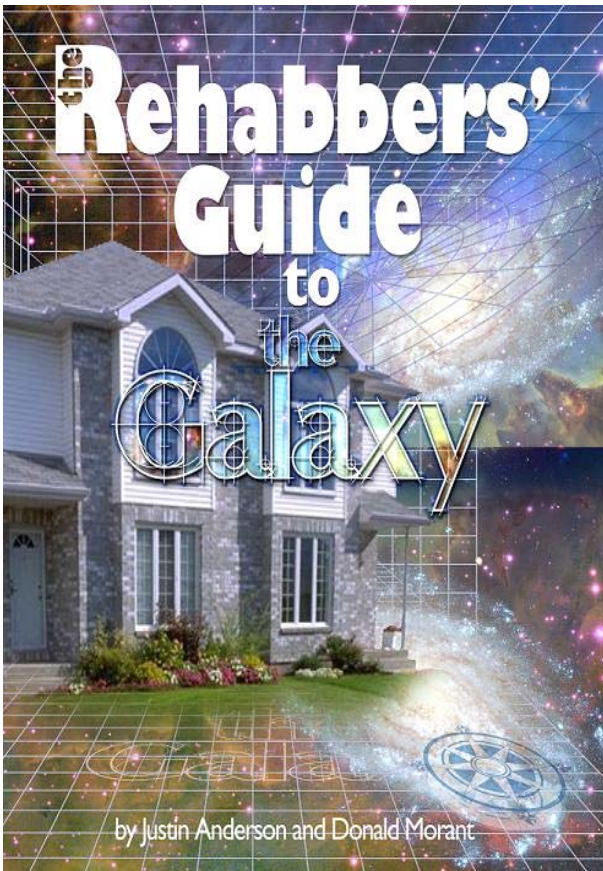


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“Do or Do Not..
There is no try!

-Yoda



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