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A Resource Guide for Investors

Learn All About the World of IRAs

Discover How to Buy TAX LIENS Correctly

Read about the Leaders in the REI INDUSTRY

Published in California for Investors Worldwide

Inside the Life of a Real Estate Mogul: Missy McCall Hammonds

"Five Months after engaging Brad's Mentoring, I closed on a 38-unit Property which puts over $3,000 per month into my family's pocket and is projected to Double our Money in 2 Years."

-Andrew Patton

The Property:
La Hacienda, Irving, TX
38 Units
Acquisition Price= $900,000
Capital Gain= $350,000
Net Cash Flow = $40,000/yr

"14 Months after taking Brad's workshop and following his mentoring, I raised over $750,000 and purchased a 90-unit property. And I started with no previous experience."

-Aaron Katz and his wife Maria

The Property:
Pioneer Villas, Arlington TX
90 Units
Acquisition Price= $2,030,000
Capital Gain= $700,000
Net Cash Flow = $80,000/yr

"In less than 10 months, Brad helped us buy a 32-unit property which nets over $3,000 a month. Our retirement is more secure."

- Ken and Phyllis Salverson

The Property:
Hazelwood Apts, Princeton, TX
32 Units
Acquisition Price= $1,000,000
Capital Gain= $300,000
Net Cash Flow = $40,000/yr

"Less than 2 years after taking Brad's workshop, and starting with no experience, Brad helped me purchase 2 properties totaling 105 units. After my next deal, I will lay off my job."

- Joe and Erin Palmer

The Property:
San Miguel Apts, Irving, TX
68 Units
Acquisition Price= $1,600,000
Capital Gain= $500,000
Net Cash Flow = $60,000/yr

"Since I Retired Myself in 2005 at age 38 I have Taught Thousands of People Just Like You How to Earn Double Digit Returns and Retire in 3-8 Short Years by Investing in Apartments. As a Principal in over 1,100 Units and having over 10 Years Experience and with Hundreds of Success Stories, my Processes are Simple, Proven, Time-Tested and Transferrable to Virtually Anyone. For a FREE DVD on How To Get Started Now, email me at DVD@RetireMeBrad.Com. For more information about my Live Events and Mentoring, please visit www.RetireMeBrad.Com or call my Personal Hotline at 559-546-1717."

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Brad Sumrok

International Speaker, Author and Real Estate Mentor

National Award Winning Investor

NAA National Apartment Association PARAGON Awards

"Within 12 months with Brad as my Mentor, my monthly cash flow is over $7,000/month. Brad has enabled us to live on our own terms."

- Cheryl and Andrew Patton

"In less than a year, Brad helped me purchase 75-units that provides my family with over $8,000 per month of income. My financial future is secure."

- Raj & Raje Guntnur

"Brad's mentoring and training has enabled us to earn $50,000/yr Passive Income after just 18 months."

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- Phoenix, AZ
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Linda's Note

hello!

Welcome to our largest issue ever. I'm really thrilled to be sharing a phenomenal magazine featuring TOP leaders in the real estate investing industry.

I've traveled to numerous cities throughout the past few years to host events in person to promote our publications, including: Las Vegas, San Jose, San Diego, San Francisco, Stockton, New York City, Seattle, Phoenix, Kansas City, Indianapolis, Salt Lake City, and Atlanta. It's exciting to meet and mingle with sophisticated investors who are creating wealth for themselves and their loved ones.

Publisher Linda Pliagas with renowned REI educator Larry Goins.

My passion for real estate has been long-standing: I recall so vividly entering class to my first real estate course at Santa Monica College. I was in my early 20s and wasn't yet a homeowner, but I was already planning my financial future. It all starts with desire, follow it with education, and keep persisting... and growing. I urge you to spend quality time each day reading and learning. It will really make a big difference in your life.

Building a portfolio of passive income properties is a responsibility. You have to learn how to do it, how to manage it, and how to grow it... without over-leveraging and putting to much at risk. One of the ways we want to help you is by offering you the resources and information you need. For this issue, we have selected timely topics and interviewed top sources who can make the greatest impact in your business.

It's our mission to assist you on your path as you explore the world of real estate investing. Most likely we are visiting a city near you soon, and I hope you can network with us in person.

Enjoy our new issue, and be sure to keep up to date with our travel schedule by visiting us online at:

http://Realty411guide.com/events

Stay focused on your journey, and God Bless.

Linda Pliagas

Win a Real Estate Bidding War

from Jason Hartman's Financial Freedom Report

Real estate bidding wars are a constant battle in the housing market, but not every market is at war. There are several reasons the demand to buy or sell is hot or cold in your market, homebuyers might find themselves competing for houses because there's not many for sale in their current market or the buyer doesn't meet all of the seller's conditions. Either way, the housing market competition must be played right, with a strategic plan to win a bidding war.

If the housing market is competitive in your area then it's best to step up your game, and your bid, from other competitors in the market. Use the following top ten list to help you outsmart your competition and win that bidding war.

10. Gather all of your finances, including amount approved for a loan, and be prepared to make an offer at any given moment.

9. Submit your loan paperwork before an offer is made. The sooner your paperwork is in the hands of authority, the better your chances are at winning your new home.

8. Make a competitive offer with minimal contingencies.

7. Be flexible when it comes down to the move-in date. If you really want this home then be ready to move in right away or bunk up with in-laws for a longer wait.

6. Write a letter to the seller explaining why your family would be perfect in this home. Adding personal connections to the seller might give them a more comfortable feeling to know their home will be properly cared.

5. Raise the earnest money to show the seller how serious you are about purchasing the property.

4. Be on the seller's good grace by covering all selling costs.

3. Offer to buy items in the seller's home. This can help the seller get rid of items they don't want to move and help you fill a home with furniture.

2. "As is" offers will give the seller a sense of relief, not having to deal with minor repairs and the hassle of touching up paint everywhere. (Of course you will want the contingency of a home inspection, for any major repairs needed on the home).

1. It's a bidding war for a reason, while you're bidding on this home, be sure to have a backup plan, making offers on other homes that might be in the running of your dream home.

Each step in the home buying process should be taken serious as each decision could have an effect on your future investment or place of residence. Taking control of your emotions will also have an effect on your home buying decisions, so be sure to set these feelings aside as opportunities in the housing market are always rising and falling. ❖

Make a competitive offer with minimal contingencies.

Jason Hartman's RISK EVALUATION

When you purchase a property, there are two component parts. There is the improvement and there is the land. It is important to understand what influences the cost of improvement (the structure) sitting on the land. Environmentalism and building restrictions certainly pay a role.

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There's an old joke that asks what you call a developer. (Someone who wants to build a house in the woods or at the beach). What do you call an environmentalist? (Someone who already has a house in the woods or at the beach.) The environmental movement increases the value of land because it makes it more difficult for others to build after you, and your land is already entitled and improved.

You might be hearing about things on the news that will lead you to believe that your best investment is not in the sticks and bricks of a house. They're wrong—it's important to understand that commodities ebb and flow in the short term. Life isn't lived in six month increments.

We're looking at a lifetime here. The big trends are bigger then "copper went up this week or down this week" and they're more important. The big trend is massive consumption and an ever growing world population that is moving toward prosperity. And a more prosperous life means an increase in consumption.

So, though perhaps wealth has decreased in the short term, they're more prosperous than they were ten years ago. When we look from a longer perspective, the global economy is booming. Raw materials cost.

In 2004, the government said that the rate of inflation was 3.3 percent. That same year, iron and steel prices went up 34 percent, roughly ten times the official inflation number. Lumber was up 17 percent, Wallboard 20 percent. Labor and energy costs have fluctuated and oil will go up—you can't stop population-induced consumption.

If you can get a copy of a tax bill, take a look at the tax assessor's divided up cost and value of the land and the value of the improvements or buildings that sit on the land—there's money in improvement. Put your money in the sticks, the bricks, the bank. ❖

Jason Hartman has been involved in several thousand real estate transactions and has owned income properties in 11 states and 17 cities. His company, Platinum Properties Investor Network, Inc. helps people achieve The American Dream of financial freedom by purchasing income property in prudent markets nationwide.

Jason's Complete Solution for Real Estate Investors™ is a comprehensive system providing real estate investors with education, research, resources and technology to deal with all areas of their income property investment needs. Contact Jason at www.JasonHartman.com or 714-820-4200.

How to CHOOSE Your Next Rental Investment

Tips from Pam Blanco from PamTexas.com

Real Estate investing is a challenging endeavor. Not only should you pick a property that has strong financials or potential for ROI, but you should also select a property based on how it will perform as a rental property.

We've compiled some things to look for when selecting a good property:

1. Strong Market values. If you're planning on holding your property to collect rental income you need to make sure that the property value will continue to appreciate. Selecting a property in an area with strong values, coupled with a healthy demand will insure that your property will maintain its investment value.

2. Good Schools. Never underestimate the power of good schools. Even though you will likely never use the property, you will need to get in the mind of your renters. If you house is family friendly you'll want to know what the schools are like in the area. If the schools are top performing schools, your property will have an increased demand amongst families with school aged children. If the property is in an underperforming area you may have a harder time renting the property out and that should go into your calculations for your ROI worksheet.

3. Close proximity to employment and shopping. Convenience is key for rental properties. While demand may be high currently for rental properties there are still enough options on the market for tenants to pick a place that is more convenient and better proximity to amenities. If the property is hard to get to or in an out of the way location, you'll need to make sure you account for this in your marketing plan.

4. Number of rentals in the area. It's important to not have a lot of rentals in the area because you will have to compete with other landlords and you don't want to get in a pricing war because at that point no one wins. Large amounts of rental properties can also affect home values if other rental properties are not maintained to the standards that you maintain your properties.

5. Overall condition of the neighborhood. The neighborhood needs to reflect pride in ownership. This means the majority of the homes are well maintained, in good shape, and accurately valued. If you're the nicest home in the neighborhood, you may find yourself having a hard time renting or selling the property.

Large amounts of rental properties can also affect home values if other rental properties are not maintained to the standards that you maintain your properties.

6. Location is Important. Ensure the property does not back up to major roads or anything that could potentially cause values to decrease. Stepping back from the property and reviewing the surrounding area with a critical eye will be important to the success of your property. Considering how the surroundings will affect your tenants and their lifestyle will allow you to determine if this property is

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I SURVIVED REAL ESTATE 2014

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A Powerhouse Lineup of Top Industry Experts Converge for The State of Real Estate 2014

On October 24, 2014, join The Norris Group and our panel of industry experts at the Nixon Library in Yorba Linda, California for another award-winning evening. Get the inside scoop on top real estate trends from the leaders shaping our industry. Come dress up and enjoy a fine meal in the Presidential East Room, network with successful real estate professionals from all over California, and help raise funds for kids with life threatening medical conditions.

THE PANEL

Bruce Norris
President
The Norris Group

Bill Cosgrove
Chair Elect
Mortgage Bankers Association

Christopher Thornberg
Principal
Beacon Economics

Doug Duncan
Chief Economist
Fannie Mae

Beth Peerce
Vice President
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Sean O'Toole
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Dave Cogdill
CEO & President
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Kathy Fettke gives timely insight on the state of the market.

Headlines have been screaming about a slowdown in housing in early 2014. This fear is unwarranted, and simply a result of record-cold weather across the country that kept most people stuck indoors. Now that the country is thawed out, it's not surprising that pending home sales jumped 6% in May - the highest in 4 years, according to the National Association of Realtors.

Home sales historically pick up during the Spring, but here are a few more reasons why we think we'll see record homes sales in the next few months:

Hedge funds have turned from buying rental property to providing financing, helping to open up the credit markets.
Lending guidelines are loosing up and allowing lower credit scores.
Interest rates are still historically low.
More inventory is hitting the market as Spring is historically a good time to sell (this can create more sales because there's more to sell).
In May, the U.S. officially recovered all the jobs that were lost in the Great Recession
Wall Street "Refugees" fear the stock market has peaked, and are finding real estate to be a more stable investment.
Investors from all over the world have found US property to be a safe haven for their money. As a result, cash buyers have made up 50% of home purchases over the past 5 years!

All this demand will affect inventory levels, which means we should expect home prices to continue to rise this summer.

KEEP IN MIND:

There is an estimated 3-5 million people who moved in with family and friends during the Great Recession who are ready to move back out. U.S. population is growing at 4.5 million per year.
Builders came to a near stop for six years and are still playing catch up...WARNING!

While some markets are on fire. It's important to remember that there is no such thing as a "U.S. housing market," but rather thousands of micro-markets all operating at various levels of peaks and valleys.

Just because sales are exploding in some markets, this doesn't mean people are getting great deals. In fact, 35 out of 100 major US markets are already back to 2006 peak prices! How do you know if you're in a bubble market?

By looking at affordability levels. Is the average home price more than 3 or 4 times the average income?
Are there more housing permits being issued than new job creation?
Is the population growing or shrinking?

OUR ADVICE:

Don't get caught in the frenzy. When there is limited inventory, buyers often fear there will be nothing left for them. That's why they make frantic offers well over asking price.

There is no need to fret. While there will certainly be less REO inventory, other inventory will be coming on the market in the next few years from:

• Approximately 10 million defaulted notes were not foreclosed upon, but rather sold as notes to large institutional companies. These will eventually make it to the market, albeit likely as rentals at the outset.
• As prices rise, fewer borrowers will be "underwater" and can put their homes on the market.
• As prices rise, builders will be able to make a profit and will be back in business.

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Real Estate Returns with IRA Tax Advantages: Key Concepts and Tips for IRA Real Estate Investing

by Clay Malcolm

How do Real Estate IRAs help real estate Investors?

Retirement savings that are in IRAs can be active in real estate investing. If you have expertise in real estate, you can put that knowledge to work for your retirement funds. Many investors have their IRA or old 401(k) "on the sidelines" because they are not comfortable with the erratic performance of publicly traded securities like stocks and mutual funds. Companies like New Direction IRA, Inc. that specialize in self-directed IRAs that can be invested in real estate assets offer the investor an asset class that they know and understand.

Knowing that IRAs can invest in all kinds of real estate-based "alternative" assets can benefit the real estate investor in 2 primary ways: 1) Invest your retirement account into real estate assets. This takes full advantage of the tax advantages of the account type as well as your real estate expertise. 2) Use other investors' IRAs to fund your personal real estate deals. You can raise money for your deals by informing investors that their IRA can put money into your project.

Core Concepts

An IRA is its own legal and financial entity and it is separate from your personal finances. It has its own titling which must be used on all legal documents. When an IRA buys an asset, it pays for the purchase and maintenance expenses and receives all the revenues.

TIP: A self-directed IRA is guided by the account holder, but that IRA is limited in how much financial contact it can have with the IRA holder's personal finances.

Contribution and Distribution rules for self-directed IRAs that hold real estate assets are the same as IRAs that hold stocks and bonds. Keep in mind that distributions can be taken in-kind as well as in cash. This means that an IRA holder is not required to liquidate real estate assets and distribute cash to themselves; they can simply distribute the actual real estate. TIP: Consider your desired distribution plan can have an impact on which investments you make.

Traditional IRAs, Roth IRAs, HSAs, SEP IRAs, SIMPLE IRAs, and 401(k)s are all account types that can acquire real estate as an investment. TIP: The key to this ability to purchase real estate is having your account at a provider that handles real estate assets.

An IRA can use an LLC or entity, but it is not required. An IRA can have direct ownership in a real estate asset and/or in an LLC. TIP: Utilizing an LLC in conjunction with your IRA is a decision that the account holder makes.

An IRA (or other account type) can:

An IRA can purchase a piece of real estate and then receive all the income generated

Continued on pg. 109

Sturdy, Stable, Personalized
INVEST AMERICA

When it comes to the turnkey investment, as an investor - you often get offered a one-size-fits-all approach. Yet not all investors want the same thing.

Sure, some of us want cashflow. Some want to establish trusts for future generations to enjoy. Others may be want yachts. When it comes to investing with Invest America, alongside investing pros Ben Walls and Lorne Shive, you can expect a personalized approach with your end goals in mind. "What is it you want?" That's the first question Ben asks prospective clients hoping to build their future (and their portfolio). And then he and partner Lorne diligently work with them to achieve those goals.

Ben learned the value of a dollar at a young age: very young. He tells me how he found opportunity in — of all places — wholesale clubs such as BJ's and Costco. "I'd saved enough money to buy a case of Butterfingers at Costco and my parents chuckled and went along with my 'master plan'," he explains. What would he do with all those candy bars? Sell them, of course! "I sold them at school and around the neighborhood for 25 cents less than what they cost at the store, and I was still making 50 cents a pop."

His pitch was simple, "I sell for less and I bring it to you." How's that for a competitive advantage? It wasn't long before he was eating candy for free, making a profit, and had diversified his portfolio into Snickers, Reese's Cups, and Skittles: "This was right when Skittles started coming out with their different flavors… and people paid full retail price for those."

Ben Walls and Lorne Shive were recently featured on the cover of our sister publication, REI Wealth Monthly.

Since then, Ben's investment philosophy hasn't geared much off course — although, of course, it's grown up in a big way. Ben Walls is one of those rare breeds of investors who just gets the fundamentals of investing – and abides by them. There is a right - and a wrong — way to build walls and to approach construction. Ben Walls, true to his name, understands and he does things the right way.

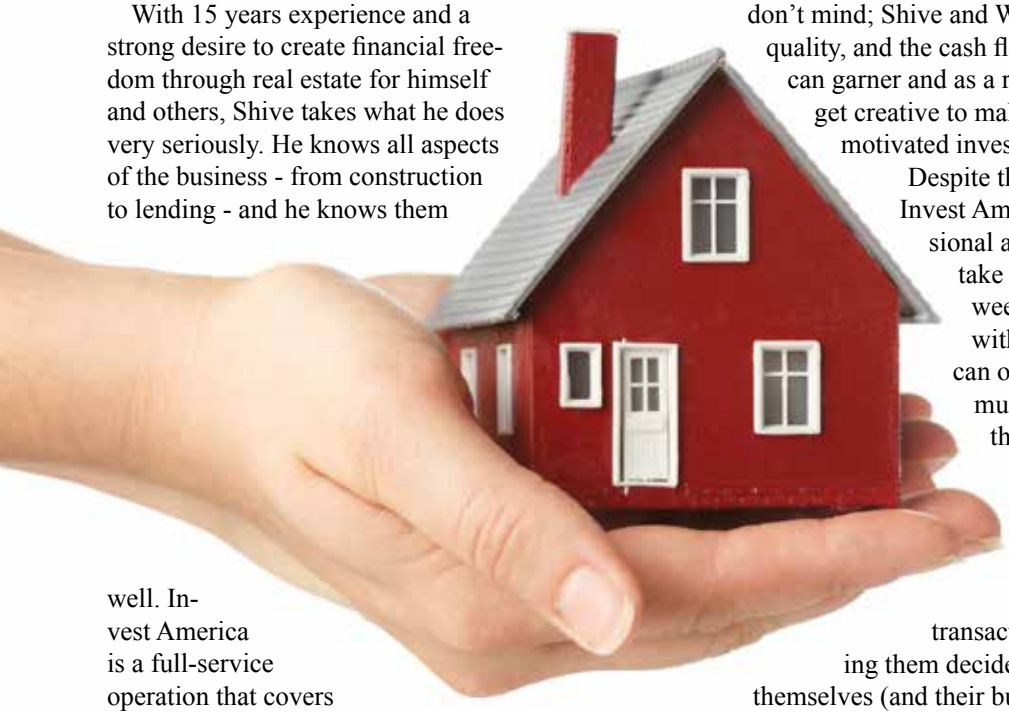
As with his childhood business of selling candy, his deals are still pretty sweet for anyone who buys with him. Why? He buys low, he employs the best contractors, he watches every dollar and he safeguards his buyers' investments with the watchful eye of a hawk. He is committed to delivering results — and Invest America's loyal following of inves-

If you want to make your portfolio soar without losing that all-important personal touch, INVEST AMERICA is well-equipped to handle your needs with great expertise and care.

tors is proof of that dogged commitment he clearly displays.

While Walls works hard to expertly build the business and expand it, Invest America was founded by Lorne Shive, a man whose passion about real estate simply can't be contained on a single page (or perhaps, even, in a book). According to Shive, "I eat, sleep, and breathe real estate… it's my passion!" Property values may rise and fall, he notes, but still, Shive asserts, real estate is a sound investment.

With 15 years experience and a strong desire to create financial freedom through real estate for himself and others, Shive takes what he does very seriously. He knows all aspects of the business - from construction to lending - and he knows them well. Invest America is a full-service operation that covers everything from finding the best properties, to purchase contracts, all of the often cumbersome details of closing - plus full property management to include renovations, rehab, basic care, tenant placement and rent collection.



Though it may seem like Invest America is a one-stop-shop-all (and it is) - it's the one-stop-shop meets the general store of years past. It's the kind of firm, or place, where you can get whatever it is that you are looking for - whether it's a hammer or fine cheese, and leave happy. If you have questions about a product, before or after purchase, Invest America is more than happy to answer any and all questions. They offer a rare service in the investing world — one akin to Nordstrom's philosophy of extreme customer care.

Though they offer turnkey real estate that delivers proven turnkey profits, Invest America is unique in that they most certainly do not offer a turnkey approach to investors. When it comes to lending, they also don't take a one-size-fits-all approach to the investors with whom they work. They realize that not every investor fits in the same category and they don't mind; Shive and Walls believe in the quality, and the cash flow their properties can garner and as a result are able to get creative to make deals happen for motivated investors.

Despite the Ma and Pop feel, Invest America is as professional as it gets. Closings take between two to six weeks and are handled with the expertise that can only result from a multitude of years in the industry. Invest America investors are presented with detailed software that walks them through all possible transaction scenarios allowing them decide which is best for themselves (and their budget). Closings are handled professionally, speedily and with the thought and care only a personalized service such as Invest America offers.

In a world full of one-method-fits-all investing, what Ben and Lorne are doing is truly unique. They have a small, loyal base of clients - and they plan to keep it that way. After speaking at length with both men, the words refreshing and reassuring come to mind. If you want to make your portfolio soar without losing that all-important personal touch, Invest America is well-equipped to handle your needs with great expertise and care. ❖

For information, visit http://InvestAmerica.co

Images: from 123RF

INVESTOR REHAB Remade

WE ARE REALTY MOGUL, an online marketplace for real estate crowdfunding. We provide Rehab Investors like you the opportunity to do business differently. Our online technology instantly connects you with funding sources nationwide, while providing a level of customer support unmatched in today's industry. We provide you with the financing you want, in the time frame you need: efficient loan processing, underwriting and a same day Letter of Intent. Reinvent your business by partnering with us, Realty Mogul.

FAST FUNDING NATIONWIDE NETWORK ESTABLISHED LOAN CRITERIA

To see if your project qualifies, simply fill out our online application at **realtymogul.com/rehab**

(855) 848-9567 **realtymogul.com**

10780 Santa Monica Blvd | Suite 140 | Los Angeles, CA 90025

REALTY MOGUL

CROWDFUNDING

Real estate crowdfunding has been growing in popularity in recent months, and Realty Mogul has been at the forefront -- crowdfunding properties ranging from multi-family apartment complexes and office buildings to the Hard Rock Hotel in Palm Springs. Most people think of equity investments when they hear of crowdfunding, but borrowers can also benefit from "crowdlending." Realty Mogul provides investor rehab loans to borrowers, leveraging its nationwide network of lenders and its pre-established loan criteria to deliver fast funding solutions. If you're interested in crowdfunding an investor rehab loan, here are five things you need to know.

HOW CAN I CROWDFUND A REHAB LOAN?

Like traditional private money lenders, crowdfunding site lenders qualify borrowers based on various loan characteristics like loan size, property type, and region. A lender's access to capital can change periodically, however, and smaller "hard money" lenders often run out of capital, which can result in dramatic changes in lending practices and longer wait times to close transactions while additional capital is being raised. Larger "crowdlenders," like Realty Mogul, have thousands of investors across the country and access to institutional lenders, and are often able to provide borrowers with a faster, more consistent funding experience.

HOW LONG DOES IT TAKE TO CLOSE A REHAB LOAN WHEN CROWDFUNDING?

The better crowdlending sites have account executives (AEs) who work from pre-established loan criteria. AEs like those at Realty Mogul are thus able to provide borrowers with a same-day "letter of intent" (LOI), instead of a borrower having to wait for a "committee" approval, which is typical in the hard money world. With Realty Mogul, once a borrower accepts an LOI and provides a $199 application fee, a confirmatory broker price opinion (BPO) is ordered (usually received within 3-5 days). Once approved, most transactions are promptly funded by the "crowd," often within a day or two.

HOW ARE RATES DETERMINED FOR CROWDFUNDING LOANS?

Local hard money lender rates are often subject to dramatic change depending on their supply of funds – which often derives from friends, family, and other local investors. Crowdlending companies with a broad investor base are able to operate more consistently, focusing on more straightforward lending criteria such as a borrower's rehab experience and the property's regional market. Realty Mogul operates nationally, with pre-established lending criteria and pricing, customized (among other things) by region and by a borrower's rehab experience.

WHAT TYPES OF LOANS DOES THE CROWD LIKE TO FUND?

The broad supply of capital facilitated by larger crowdlending companies can often lead to lower interest-rate loans, at least as compared to local lenders as these local lenders have a restricted capital supply that may require them to maximize profits with each loan. Rehab financing is traditionally collateral-based, but higher caliber borrowers do offer greater appeal to an investor base.

What ARV (After-Repair-Value) and LTV (Loan-to-Value) ratios do crowd funding sites use?

The ultimate loan amount being offered is key for borrowers, and smaller lenders with a squeezed capital supply may offer changed terms just prior to closing a loan. Larger lenders can offer borrowers consistently aggressive ARVs and LTVs, so that borrowers can make purchase offers with confidence. ❖

JILLIENE HELMAN

Jilliene is the CEO and Co-Founder of Realty Mogul responsible for strategic direction and operations. Jilliene has underwritten over $5 billion of real estate and was previously a Vice President at Union Bank, where she spent time in Wealth Management, Finance and Risk Management. Jilliene is a Certified Wealth Strategist®, holds Series 63 and Series 7 licenses and has a degree in Business from Georgetown University.

ABOUT REALTY MOGUL

Realty Mogul provides accredited investors with a trusted marketplace in which they can invest in real estate transactions. Investors can provide capital to fund either debt transactions (loans) or equity interests in value-add real estate projects. Over 10,000 accredited investors across the country use the Realty Mogul platform. "Accredited investors" are defined as individuals with either an annual income exceeding $200,000 (or joint income with a spouse exceeding $300,000) and/or a net worth exceeding $1 million, excluding their primary residence. ❖

Brad Sumrok on Investing in Multifamily Apartments for a Sustainable, Early Retirement.

National award-winning real estate investor, and mentor, Brad Sumrok was able to walk away from his six- figure corporate job in just 3 years after investing in apartments.

Article by Tim Houghten • Photographs of Brad Sumrok on location at his Multifamily Bootcamp in Dallas, Texas.

So how did he do it? What advantages can be found from investing in 5 plus unit multifamily commercial properties? What golden rules have helped Brad scale to owning over 1,400 doors, and what does a "Full Life" in retirement mean to one of America's leading real estate minds?

WHY MULTIFAMILY?

With so much buzz and interest in single family rental properties recently, why invest in multifamily? Put simply, Brad says, "It works and just about anyone can do it."

In an exclusive interview, Brad Sumrok elaborated that multifamily income property investing works in all market cycles, anywhere in the United States, with the proper education and strategies.

The mentor's proven system for long-term investing enabled him to retire in just three years with multi-family apartment buildings. Brad says "I teach three guiding rules for successfully investing to retire in 3 to 8 years." These are:

1. **Invest for cash flow.**
2. **Select investments with upside potential: i.e. capital gains, and appreciation.**
3. **Harness the power of leverage.**

In particular Brad, and his network of investor students focus on 5+ unit multifamily commercial properties, with individual apartment buildings ranging up to as many as 300 units.

Sumrok points to this sector, coupled with his proven acquisition criteria, as being ideal for delivering "double digit cash on cash returns, and doubling your money in 5 years or less."

BUSTING THE MYTHS ABOUT MULTIFAMILY COMMERCIAL PROPERTY INVESTING

BradSumrok.com, and its related education curriculum goes a long way in busting the myths around commercial real estate investing.

Many might be scared off by the term 'commercial', or larger properties.

Kicking the misconceptions to the curb in a single sentence, the Dallas-based real estate investor says, "In 10 years of acquiring over 1,400 units, I've had one single family rental property. That one single family residential rental was more work, and harder to manage than all of the others put together."

Some investors have been battling each other over single family rentals

in insane bidding wars, and even on negative cash flowing properties. From easier access to leverage, to simplified property management, and strong cash flow potential, Brad Sumrok's students have been finding this niche highly profitable, and a great way to progress towards their financial and life goals.

Brad comments "I'd never buy property with negative cash flow projections," adding "It's just crazy!"

ON SELECTING THE BEST REAL ESTATE MARKETS TO INVEST IN…

The bulk of Brad's real estate empire has been built in Texas, however he is expanding to other markets with his most recent acquisition being in Colorado. However, rather than simply being bullish on a single geographic area, or insisting out of area investors flock to these markets, Brad offers 4 criteria for evaluating the best locations at any time.

1. Choose a landlord and business friendly environment.
2. Look for current and projected population growth.
3. Select areas with current and strong economic growth forecasts.
4. Stick to markets where housing costs are less than the national median.

THE KEY TO RETIRING EARLY?

The Definition of Retirement, according to Sumrok: "When investment income meets or exceeds living expenses." This is when individuals are able to realize real freedom and live life on their own terms. Some may choose to continue to pursue their careers, but at least at this point it is out of choice, not necessity. Everyone has different lifestyle demands, and enters from a different starting point. Still using this system retirement should be achievable in 3 to 8 years for those who learn and implement Sumrok's simple, proven processes.

WHAT "RETIREMENT" LOOKS LIKE FOR BRAD SUMROK

In a phone interview, Sumrok who just happened to be vacationing in the Northeast, painted a picture of his current retirement as including; spending 10-12 week year pursuing his passions for travel and visiting friends and family, spending time in the family's second home in Florida, continuing to actively invest in multifamily properties, and his passion, which is teaching, mentoring and helping others achieve similar results as he was able to achieve..

We had to ask - why on earth would a highly successful investor, who could afford to retire to golf and the poolside continue to entertain speaking engagements, and offer coaching to others?

The answer, "I'll never forget the incredible feeling of being able to walk away from my job."

Brad explains that after 17 years in corporate America, he simply wasn't happy trading his time, and sacrificing real life for a paycheck. This coupled with the increasing lack of job security and being fired and laid off once (which we can all relate to), spurred him to invest in cash flow real estate. However, it was the amazing feeling of freedom and fulfillment that has inspired, and fueled Brad Sumrok's passion for helping others to achieve the same.

WHAT'S SPECIAL ABOUT BRAD SUMROK'S TRAINING?

What makes this mentor stand out from the ever swelling list of self-appointed real estate investing 'gurus' out

Continued on pg. 106

Tips from the Pros

Steve Bighaus Discusses *New Mortgage Loan Details*

By Steve Bighaus

Image: maxxyustas / 123RF.com

A loan is a loan, right? Wrong. An investment property loan comes with a different set of guidelines and requirements than your typical owner occupied or even second home transaction. So here are 10 key things to look for in a lender.

EXPERIENCE – It is important to interview your potential lender.

Whether you have found someone on your own or were referred to a mortgage professional by a friend, family or colleague, ask them questions. How long have they been in the mortgage business? Someone who has been in the industry 10 or more years has truly weathered the storm. What positions have they held?

This is more important than you may realize, even if someone has been in the industry for a long time what have they done in it? If they have always been a loan officer, what is their production like?

KNOWLEDGE – Going hand in hand with experience what does your loan officer know? Ask them detailed questions about your situation and see how they answer. Do they have an immediate answer for most of your questions or do they need to research and get back to you? Are you a first time investor or buying your seventh property? What do they know about the differences between financing 1-4 properties vs. 5-10?

Ask them questions about the "myths" you have heard in the mortgage industry. Do they tell you that you can only have up to four financed properties? If they do, it is time to move on to a different lender.

SPECIALTY – Rental properties are different, sure any lender can offer you a loan on them and chances are most loan officers have done at least one in their career, but is that their focus? If you are looking to build your rental portfolio you want someone that can work with you on your time schedule. Are you looking to buy one property a year or buy 10 properties in the next couple of years?

A loan officer that can help you strategize is vital. They should be able to help position you and your finances at the pace that you can handle, not necessarily what you want to handle.

The more properties you own the more complicated it gets, so working with someone that specializes in investment properties and can help you goal set for your individual situation is key.

Ask your lender what percentage of their business comes from investment property loans.

You want someone whose business is at least 50% investment properties helping you out.

COMMUNICATION – This may seem basic, but you should be working with someone that will return your calls and your emails. Regardless of how you came across someone, they should be getting back to you within 24 hours. No matter how much experience, how long they have been in the mortgage field, how highly recommended they come, you are their potential client, and you should be treated like gold.

"Ask your lender what percentage of their business comes from investment property loans. You want someone whose business is at least 50% investment properties helping you out."

AVAILABILITY – Going along with communication, are they available to talk with you on the phone or do they only communicate via email? If your lender is on vacation or out of the office, do they have an assistant or partner that you can talk with? Ask them if they work alone or if they have a partner or a team. Don't discount them if they do work alone, but if you have an urgent question how would they be able to handle it if they are out of the office?

COMPANY AFFILIATED WITH - Find out who your mortgage officer works for or with. Do they broker their loans, or do they work for a direct lender? Ask them questions about their company, how long has the company been in business? What are their financial strengths? Will your loan be serviced by the same company or will it be sold off right away? If you don't ask any other questions about the company, ask this: Does your company sell directly to Fannie Mae, Freddie Mac, or both? Why ask this?

Because Fannie Mae and Freddie Mac are the two largest purchasers of mortgages and they set the guidelines for the loans that you have to qualify for. If your lender's company doesn't sell directly to Fannie or Freddie that means they have to sell their loans to a correspondent lender who then sells loans to Fannie or Freddie.

If they sell their loans to a correspondent lender you not only have to qualify for Fannie or Freddie guidelines you also have to qualify for any additional guidelines or restrictions that the correspondent lender sets.

These extra guidelines are referred to as overlays. If you have ever heard that you can only have up to four financed properties it is because of an overlay.

LOCAL UNDERWRITING – Does your mortgage professional know their underwriters? How many do they work with? Ask them if your loan will be sent to a giant pool to stand in line or if your loan will be underwritten by someone they know. Why does this matter?

Aren't guidelines, guidelines? Yes, but the underwriters that review your loan are human and just as your loan officer has experience, it is important that the underwriter also have experience in reviewing investment property loans.

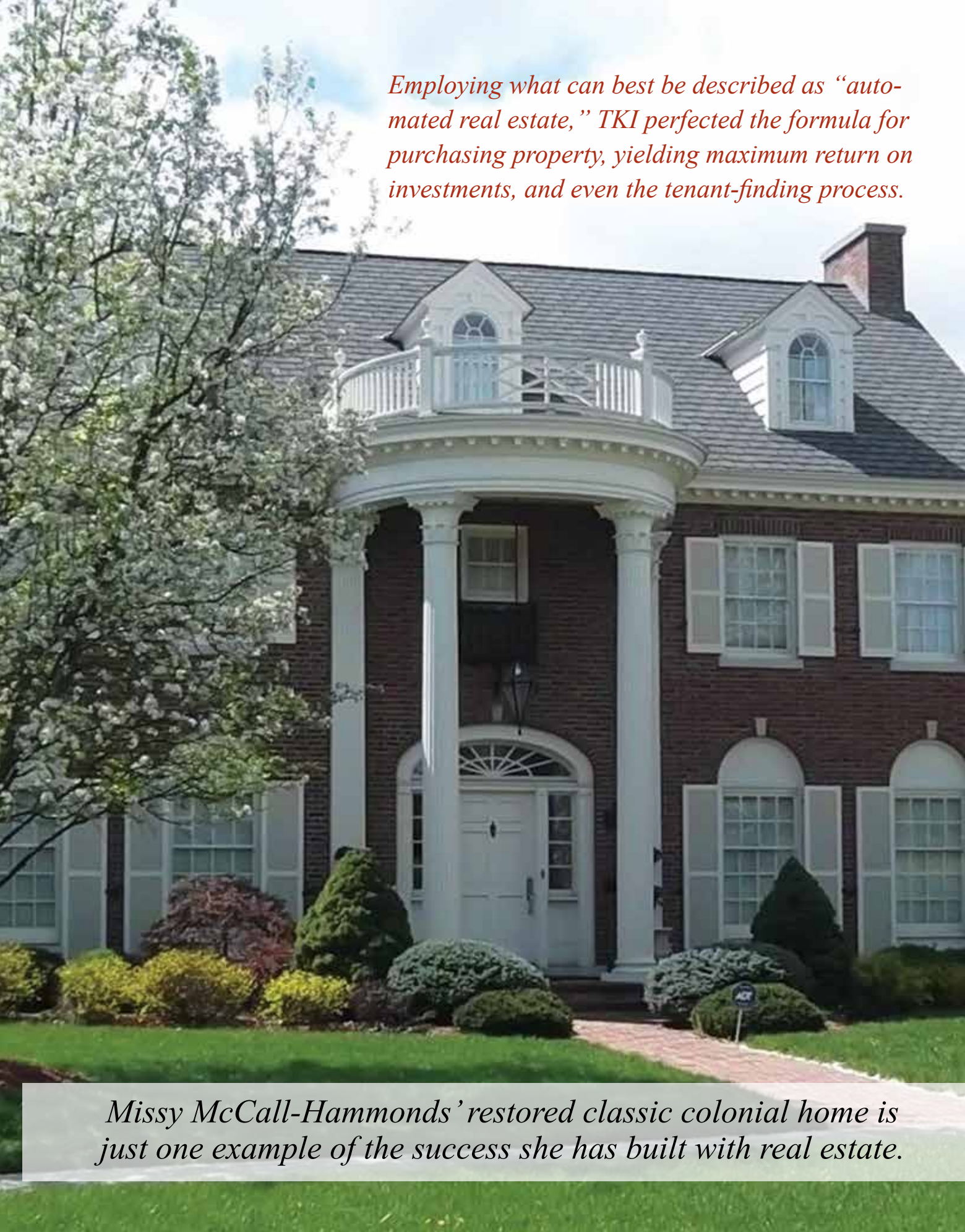
Does your lender have a good relationship with their underwriter? Ask your lender what their underwriting turn times are like. Are loans underwritten in 1-2 days or 1-2 weeks?

RESOURCES – A mortgage professional is worth their weight if they have resources. Do you need a referral to a strong tax preparer, financial planner, or lawyer? Are you starting out on your own and need a referral on where or who to buy an investment property from? Your loan officer should be able to give you names or point you in the right direction. However, if you were referred to them by one of their partners, they aren't going to bite the hand that fed them, so don't expect referrals to another competitor. That is just sound business.

PRICING – Let's face it, pricing, the interest rate and fees that you pay, are important, but it should not be the only reason you choose a lender. If the only strong point in your lender is that they can offer you a better rate or lower closing costs be aware that you may run into pitfalls with your loan along the way. Be sure to ask them some or all of the above points. Saving money is important, but if your loan doesn't close on time or at all, how much money are you saving?

PERSONALITY – While this is not highly important, you should be able to get along well with the loan officer you work with. They should fit you and your personality and meet your overall expectations of a loan professional. Ultimately you need to be comfortable with who you are using. Make up your own questions to help determine if they fit this factor. ❖

To contact Steve Bighaus, please call 206.930.1801 or email him at: steve.bighaus@snmc.com



Employing what can best be described as "automated real estate," TKI perfected the formula for purchasing property, yielding maximum return on investments, and even the tenant-finding process.

Missy McCall-Hammonds' restored classic colonial home is just one example of the success she has built with real estate.

Missy McCall-Hammonds' Great Glass Elevator

How One Woman Flew Far Above the Corporate Glass Ceiling.

For Missy McCall-Hammonds, the corporate world in which she worked didn't just hinder women's advancement with the proverbial glass ceiling -- it locked them in a "glass box" as she succinctly put it. Rather than go on suffocating in career-stunting solitude, Missy thought differently and, after graduating with what she playfully describes as her "self-taught PhD," she left her corporate career behind and created an original, provocative, and quite frankly, ingenious business concept: boil property acquisition and landlording down to a science to yield maximum return on investments. Missy specializes in true turnkey investment - and specialization is an understatement! Missy McCall-Hammonds buys, sells, and manages hundreds of fully rehabbed "rent-ready" properties to investors from all over the world - and she does it very well.

Among her many goals, she aims to raise the standards of investing and the transparency of what landlording is in terms of its visibility and professionalism. One way she is doing that is through her version of "Crazy Cash Flow Investing." Missy's unique investment strategy allows buyers to own fully renovated rental property without the hassles and headaches. The investor is given a one year warranty against property vacancies and all of the big ticket maintenance items that can impact the bottom line. This strategy appeals to out-of-state and over-seas investors, as financial risks are minimized. While this is a somewhat oversimplified explanation of what Missy

does, it's obvious that she is not your average real estate investor, but rather a shot of adrenaline in a challenging, slowly recovering market.

Born and raised in Cincinnati, Ohio, Missy focuses on properties in her home area: Butler County Ohio and close surrounding communities. Her target market is strategically located between the two large cities of Cincinnati and Dayton. When asked about her choice to invest right where she lives, she said the numbers make great sense and then quoted Mark Twain, saying "when the end of the world comes, I want to be in Cincinnati because it's always twenty years behind the times."

The joke here, obviously, is that Missy and her version of investing are anything but behind the times. Boring but brilliant, low hassle real estate is her aim. She believes exciting real estate markets can be costly. Employing what can best be described as "automated real estate," she has perfected the formula for purchasing property, yielding maximum return on investments, and even the tenant-finding process. One of her websites, www.RetireWithRealEstate.biz, offers you access to Missy's latest offerings complete with a "Crazy Cash Sheet" that presents the numbers in a straightforward manor, just the way Missy believes investing should be no mysteries or hidden costs. This brand of upfront, honest, low-risk investment is a defining characteristic of Missy's strategy and has helped forge strong relationships with all of her investors.

Another example of this visionary's brilliance? When it comes time to fill properties with qualified tenants, Missy once again turns to automation by using lock boxes to show properties. This practice allows both landlord and tenant to avoid "feelings over facts," as prospective tenants can inspect the property on their own, and landlords pick tenants strictly on unbiased data, such as employment, rental history and income, rather than on their personal impressions. This also avoids the possibility of discrimination. She also found another ingenious use for the lockbox, Missy has found that placing empty lock boxes on the doors of tenants with delinquent rent balances helps to kick start communication and avoid the dreaded phone dodge game — tenants are quick to contact landlords when there's a fear of being locked out. The locks are never changed, the lock box is empty, but the tenant avoiding collection calls doesn't know that!

Combined with the exceptional systematic approach to landlording, buying and selling properties, and managing over 700 rental units, Missy McCall-Hammonds is also an author. -- see Landlording Without Losing Your Mind and The Ultimate Business Guide for Real Estate Entrepreneurs (with Vena Jones-Cox). It makes sense that Missy is also a highly sought after public speaker at conferences and investment property showcases. For Missy, these speaking engagements offer her additional platforms for her goal of raising the standards of turnkey investing and teaching landlording professionalism. Her success in such endeavors can be traced to her commitment to honesty and transparency. McCall-Hammonds' strong work ethic, reflected in her writing and speeches, has helped cultivate relationships with long-distance investors, as she is better able to share with them the honest ability to create positive cash flow and avoid the typical costs of rental properties, such as vacancies, maintenance, and management fees, which all equates to worry-free rental property ownership.

One big question remains, of course: crunching actual numbers. How much money is at stake here? How much does it take, on average, to buy into Butler County, Ohio? According to McCall-Hammonds, the average property purchase price is $120k, while the average monthly rental income is $1200. Fannie Mae financing is available to maximize leverage. Compared to similar areas, these numbers are quite impressive and show the relative stability and affordability of Ohio's housing market.

Like a modern-day Willy Wonka who saw a glass box in the corporate world, Missy McCall-Hammonds fused inventive thinking with a quality product and skyrocketed above the rest in an epic fashion. By designing her own glass box with inspiring and innovative methods, she didn't just break the glass ceiling, but shattered it and in the process has rocketed herself and her investors sideways, slantways, long ways, and any other ways you can think of to take the lead in today's market. Missy is a true visionary in the real estate world, helping secure financial success and freedom for those savvy and willing enough to utilize the wealth and information that she so generously shares.

❖

Missy McCall Hammonds shares a cuddle with her favorite pooch, Thelma Lou.

Sensei's Clan of CashFlow Real Estate Investors Take Over Cleveland!

Why my clan of Remote Rehabbers are bullish on Cleveland, OH, and you should be too…

Black Belt Investors' Remote Rehabs investors are taking over cash flow real estate in Cleveland's rebounding suburbs. So what has become so magnetic about this city, how are investors gaining the edge with Remote Rehabs, and what types of deals and performance can be expected?

THIS IS THE NEW CLEVELAND

The buzz around Cleveland, Ohio's major revitalization has been steadily building. Cleveland may never draw the media attention of NYC, San Fran, Vegas or South Beach, but this is also allowing forward thinking (and acting) real estate investors to lock in substantial cash flows, returns, wealth building, and security, with ninja like precision.

There has been significant speculation about new migration trends in real estate circles and publications. So far, much of it has been assumptions and indicators without proof. Now these trends in urban renewal, with both young professional Millennials and Boomers converging on new downtown areas is being seen on the streets of Cleveland.

HIPSTER HAVEN, WITH REAL NUTS, BOLTS AND A DEFIBRILLATOR

Okay, Cleveland may not be a 'Hipster Haven' in the vein of Miami's Wynwood Art District, or San Francisco's Bay Area and Mid-Market, but it is drawing a strong crowd of in-migrating highly educated young professional workers and Boomers.

The city is currently undergoing $2B in visitor related infrastructure alone. Local technology executives are working on an innovative cable car system which will connect attractions and outliers to the city's core. The Case Western Reserve University School brings a strong legal community to the area, making Cleveland a power address for new firms.

This new live, work, play arena is all anchored by the famous Cleveland Clinic, augmented by the new Cleveland Medical Mart

and Convention Center.

Young doctors are moving in to bulk up the workforce and economy, while aging Boomers are finding this a top notch location for easy access to quality medical care, with affordable property prices packing a serious punch when it comes to downsizing and getting more house for their money.

A COUNTY INVESTED IN SUSTAINABLE REAL ESTATE GROWTH

Cuyahoga County has committed itself to sustainable real estate growth, preserving values, and quality housing. It is achieving this through its P.O.S. system, and checks and balances. This makes it a unique market which offers superior protection for buy and hold real estate investors.

WHAT TO INVEST IN NOW

Cleveland has the green-light. However, contrary to the misconception many have of investing in Cleveland as a rundown warzone, I'm investing in cash flowing rentals in suburban neighborhoods where you would not only want to live, but would raise a family.

Some of the specific areas being focused on now include; Euclid & South Euclid, Garfield Heights, and University Heights.

4 REASONS TO INVEST IN CLEVELAND, OHIO:

- **Low Acquisition Costs**
- **Cash Flow**
- **Tax Benefits**
- **Lots of Appreciation Potential**

Black Belt Investors sees greater Cleveland currently offering many incredibly attractive acquisition opportunities. Homes in this area are generally currently selling for around $50,000. With rents on these homes in the neighborhood of $1,000 a unit, the cash flow is substantial. Those investing under our Remote Rehabs^{SM} program are seeing cash-on-cash returns in the region of 15%.

The tremendous velocity recent revitalization activity over the last 12 months has put behind this Ohio market has turned even the most conservative, bullish on the outlook for home price appreciation.

Obviously, investing in real estate on speculation of future value alone may not be the best strategy, or necessary in the current market, but it is a nice bonus, when coupled with steady cash flow. Even if rental properties here just bounce back from around $50K today, to their previous highs of around $110K; that means doubling wealth. This opportunity is like winding back the clock to invest in discounted California real estate in 2010.

REMOTE REHABS^{SM}

Back in the year 2000 I created Remote Rehabs^{SM} as a completely turn-key system, specifically to empower real estate investors to take advantage of well-timed opportunities like this, which often require out-of-area investing.

Remote Rehabs^{SM} provides a comprehensive A-Z system for acquiring, rehabbing, leasing, and effectively managing rental properties from a distance.

UNIQUE ADVANTAGES OF THE REMOTE REHABS® PROGRAM IN CLEVELAND INCLUDE:

- Done for you sourcing, remodeling, leasing, management
- No property management fees for the 1st year, followed by a low flat fee
- 90 Day Rental Guarantee ensuring cash flow and returns
- Includes 1 Year Contractors Guarantee for all repairs

To find out more about Remote Rehabs^{SM}, new Cleveland developments, and discover discounted cash flow properties around the nation visit http://www.RemoteRehabs.com or simply call Black Belt Investors at 951.280.1900. Find out more about Sensei Gilliland, Remote Rehabs^{SM}, and request your free copy of Black Belt Investors' Cash and Wealth Report online at: www.BlackBeltInvestors.com

TO FLIP OR *NOT TO FLIP?*

Tom Wilson

By Tom K. Wilson

Wow, flipping surely seems exciting on "reality" TV. Actually, it is exciting in real life too. However, the flat screen doesn't reveal the high risk, hard work, and stress. Flipping is primarily a US term (most often applied to real estate, although it can be any asset) where cycles are dynamic and money is relatively cheap, that defines a purchase below market with the intent of selling (with our without adding value) at a higher price.

There were over 33,000 flips in the U.S. and 2,000 in the San Francisco Bay Area in 2013. Critics often project that flipping is somehow unethical and fraudulent. Indeed, any potential fast profit business can bring out some bad elements, however, flippers provide a great benefit to the marketplace by removing blighted properties from communities, returning them to the owner and rental marketplace, and increasing property values and tax revenue to the community. I am proud to be a flipper.

Make no mistake, I am first a long term hold investor. Why? Real estate income properties provide relatively passive income, and have appreciating income and asset values with inflation. Flipping is a business with very active participation and the highest tax bracket. However, it can produce short term income if done well.

A very small percentage of investors have done flips for a long time. Many more jumped on the 2000 to 2007 boom, and as we know, many caught the falling knife when the Greater Fool Model collapsed in 2008. Now that many cities are hot again, we have a new wave of speculators wanting to jump on the bandwagon because flipping sounds too easy. It is not. Currently, cities popular with flippers have faced short supply and surging demand, especially at median to lower price ranges, encouraging newcomers to this dramatic cottage industry to bid too high in desperation to get a product and then count on the market being higher when they sell. Dangerous on both counts.

The supply demand imbalance is better at higher prices where they are out of spec for hedge funds and the barrier to entry is higher, but you take on more risk and capital requirements. If you still want to enter this cottage industry, at least I want you to go into it with your eyes open.

The goal is to make maximum profit per month with minimum risk. For example, making $50,000 on a $500,000 resale in 3 months in an $800,000 median price neighborhood is better than making $100,000 on a $1,000,000 resale in the same neighborhood in 12 months. You want to keep your money moving. Don't buy what looks like a killer deal in a low demand area only to find it takes you 8 months to sell it after dropping the price 3 times with two buyer fallouts (guess how I know that).

Know your market or get someone who does. Critical analysis of the sales comparisons on both the purchase price and resale price is mandatory. This is as much of an art as a science. Your resale price assessment has to be based on what the product would appraise for with a Federally backed loan, because like it or not, that

FLIPPING DO'S

- Get experienced partners and consultants
- Buy in high-demand areas
- Focus; narrow down area and type of flip
- Line up lenders before looking for your deal
- Set deadlines, rewards, & penalties for performance
- Focus on non-listed properties with less buyer competition
- After a win, do your prep & demo on day 1 after COE
- Get fixed bids for major work
- Put more money in the front than the back
- Minimize risk: permit structural work, 1099s, insure properly
- Pay your GC directly; let him pay the workers
- Re-evaluate market before listing
- Stage your property

FLIPPING DON'TS

- Follow the herd; instead find a niche
- Buy the most expensive house on the block
- Over Improve for the neighborhood
- Analyze sales comps without expert help
- Underestimate rehab costs
- Keep non-performing subs & associates
- Buy "killer deals" in weak resale areas
- Over estimate resale price
- Fall in love with a prospective deal; be prepared to walk
- Make many changes after starting: they are costly
- Count on market appreciation
- Have a failure and not learn from it
- Feel invincible because you have a success

is what normally sets the market.

Exceptions are in temporary hot markets like Silicon Valley where multiple offers are common and offers frequently ignore the appraisals because of cash buyers and buyers who make offers with no appraisal contingencies. The problem is that when the market stalls, which it will, flippers will find themselves chasing the quickly falling prices like rats jumping from a sinking ship. The longer the project is, the higher the risk due to the increasing uncertainty of the future market.

Make sure the deal makes sense in the current market. Then when you go to market if it has continued to go up, acknowledge your higher profit as a gift, not an entitlement and stroke of genius.

Plan your improvements in proportion to the relative price of the neighborhood. Nice consistent finish with Home Depot stainless appliances and prefab granite will be fine for median price houses and under. But when you get to 1.5x median and higher, design is critical. In either case, 80% of buyers make up their mind if they want the house by the time they get through the front door, so curb appeal and the feeling upon entry is king at any price. Put more money in the front than in the back. I always want my product to be the best on the market in its class. And if your agent tells you it is not necessary to stage because others don't, say that's perfect and that is exactly why I am going to stage it. This is a high ROI item.

Silicon Valley Flip Example
High-End High Added Value
1429 Bent Dr. Campbell, CA

4 bed, 3 bath, 3000 Sq.Ft.
Addition: 1200 Sq.Ft.
Purchase Price: $550,000
Purchase Closing: $1,177
Resale Price: $1,625,000
Hold Time: 13 months
Resale Closing: $87,893
Rehab: $555,362
Debt Service: $108,511
Soft Costs: $19,272
Operating Costs: $10,986
Net Profit: $312,046

SUMMARY

Proceed cautiously and with expert partners, coaches, and consultants. Narrow down what and where you want to focus. Don't be in too big a hurry

>

FLIP EXAMPLE

The example on this page was completed in 2013 in Campbell, Calif., in the heart of Silicon Valley in a neighborhood that had some recent sales that were three times higher than our purchase price, an exceptional opportunity indeed! I knew from 38 years of investing and from experiencing my fourth real estate cycle that I should not count on the appreciating market, and indeed it penciled out with a good profit with only a modest rehab, including upgrading a non-compliant wing addition.

However, after significant analysis and consultation with my broker, architect and contractor, I decided to take a calculated risk and fully leverage the project with a major high end remodel, including scraping the non-compliant addition and constructing a new master suite wing.

Larger permitted projects always carry more risks and this was no exception as we encountered two contractor changes, permit challenges, and abuse of power from the city inspectors, resulting in some budget and schedule overruns. The good news is that the high quality product was a perfect match for the market and along with the leverage of the appreciating market the project yielded 19 percent of sales price profit, and 60 percent return on the working capital. ❖

or you will overpay. Know what your maximum price is before you offer and negotiate. Don't fall in love with it; be prepared to walk away if it doesn't pencil out. After you win, do your homework, set subs in place, prep for permits and be ready to demo on day one after COE.

Set artificial deadlines and/or give contractors incentive and penalty clauses. Set high expectations and drive for closure. Use planning tools to make sure no material or subsequence delays the project. Motivate your crew with compliments, buying lunches, bonuses; let them know that you feel that they are important, they are. Get rid of non-performers. Re-evaluate your market carefully and set your specific strategy when you list.

High End Flip Requirements

- Design as important as sq. ft. & neighborhood
- Exceptional curb appeal Dramatic architecture but not eccentric
- Hire an architect
- Open floor plan and great room
- Volume (cathedral and/or high ceilings)
- Totally updated; use a designer & pro-appliances
- High quality consistent finish throughout

And when the project is complete, celebrate with your workers and team, and when it closes, celebrate again! Then take some of your profits and buy some long-term hold properties for inflation hedging assets, for passive income, and for future early retirement. ❖

Tom Wilson is a 37-year real estate veteran who has executed over $100M and 2,000 units of real estate investments. Wilson is also a weekly host of the Real Estate 360 Radio program on KDOW 1220 am every Wednesday at 2 pm. Listen to his podcasts on iTunes or his website: http://tomwilsonproperties.com

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FLIPPING LEVELS

- Wholesale with assignment contract
- Wholesale with purchase & resale
- Cosmetic added value Structural added value
- Added value with new addition
- Scraper with new build (Speculation home)

I Survived 2014

Real Estate Experts to Discuss Consumer Credit Concerns, Builder Confidence and the Market Recovery at Charity Event Organized by The Norris Group.

Top officials from the National Association of Realtors, Beacon Economics, PropertyRadar, California Builders Industry Association, Fannie Mae, and the Mortgage Bankers Association join real estate analyst Bruce Norris on Oct. 24th at the Nixon Presidential Library for The Norris Group's 7th annual "I Survived Real Estate" charity gala.

Renowned investor and real estate educator Bruce Norris

Housing starts have unexpectedly dropped, some real estate markets are experiencing slight price declines, the mortgage market has come to a screeching halt compared to 2013, and the real estate industry remains on pins and needles as winter approaches. Are we experiencing the start of the Great Recession II or will 2015 live up to analysts' expectation?

"California relies heavily on a strong real estate sector. As REOs and short sales decline, we've seen our investor network focus on new construction and standard seller sales but it's been a slow start," Norris said, adding, "There's room for more price increases in California but consumer financing will be key in the year ahead."

Norris has assembled a panel of real estate experts to address the current state of real estate and its implications for consumers and real estate professionals during his 7th annual "I Survived Real Estate" charity gala, which is scheduled from 4 to 10:30 p.m. Friday, Oct. 24, at the Nixon Presidential Library in Yorba Linda.

Other topics of discussion will include the latest statistics on home prices, default rates, builder sentiment, consumer ownership trends and the outlook for access to financing for consumers and investors. "If the federal government is going to reduce the footprint of Fannie Mae and Freddie," Norris asked, "will the private market be its replacement? How will this be done and at what price?"

Expert panelists scheduled for this year's "I Survived Real Estate" charity gala include:

- **Beth Peerce, Vice President for the National Association of Realtors**
- **David Cogdill, President & CEO for the California Builders Industry Association**
- **Sean O'Toole, President of PropertyRadar**
- **Bill Cosgrove, Chair for the Mortgage Bankers Association**
- **Christopher Thornberg, Principal, Beacon Economics**
- **Doug Duncan, Chief Economist for Fannie Mae**

The panelists will provide important insights into what real estate professionals can expect to see in the coming months and beyond, according to Norris, who has built a following in the real estate community and with news reporters after producing consistently accurate real estate forecasts.

Proceeds from the Oct. 24th "I Survived Real Estate" event will be donated to Make-A-Wish® Orange County and

Continued on pg. 111

Exclusive interview with the Director of Professional Development for The Entrust Group

The FUTURE of Self Direction

By Stephanie B. Mojica

Though there have been a number of financial industry-related initiatives in the U.S. Congress in recent years, the future of IRAs, or, individual retirement arrangements, seems pretty safe from major legislation, according to IRA expert John Paul Ruiz, QKA CISP.

Ruiz, director of professional development for The Entrust Group in Oakland, California, has more than two decades experience in the financial services industry.

"There has been no new legislation that has been passed affecting individual retirement arrangements recently," Ruiz said. "There are however several concepts that are out on the table including Automatic IRA arrangements for employers who currently do not offer an employer sponsored plan in the Presidents Budget proposal for several years now. Other significant proposals that have been introduced by certain legislators are increasing the RMD age to age 75 and removing the option of life expectancy payments from a beneficiary's options. Overall IRAs are still a great way to save for retirement however, better understanding of the types of IRAs available are still one of the major hurdles that tax payers face in making the decision of how, when and what type of IRA to fund. Financial institutions have the challenge of educating their current customers and potential clients of the benefits available under current tax law as well as exposing these clients on a broader range of investments that will help maximize the growth in their retirement plans."

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Let's take a brief overview on the two types of IRAs. The first one is the Traditional IRA. In 2014, each person with an IRA can contribute up to $5,500. Whether or not the Internal Revenue Service (IRS) considers it a tax deduction depends upon the type of account the investor chooses. Though members of the general public typically think of IRAs as a way to fund retirement, many people with whom Ruiz has worked use the accounts as a form of "legacy planning." In other words, they wish to leave assets other than life insurance policies to their relatives or other beneficiaries, such as charities.

The traditional IRA, established under the Employee Retirement Income Security Act of 1974 (ERISA), is the most common form of IRA chosen among American investors, according to Ruiz. Traditional IRAs allow potential tax deductibility of contributions. Individuals who are already covered by an employer-sponsored plan, such as a 401(k), as an example, will be

'Only about 17.5 percent of Americans with retirement plans choose Roth IRAs, which may be due to misunderstandings about the potential benefits of Roth accounts...'

subject to stringent income level requirements to determine deductibility. Depending on what statistics someone takes as gospel, between 42 and 52 percent of Americans with retirement plans have traditional IRAs.

The other type of IRA is the Roth IRA. Contributions to a Roth IRA, established under the Taxpayer Relief Act of 1997 and named for its chief legislative sponsor, the late Senator William Roth of Delaware, are ineligible for tax deductions, according to Ruiz. However, investors following IRS guidelines with withdrawals do not have to pay taxes on the principal, as well as any interest gained. Only about 17.5 percent of Americans with retirement plans choose Roth IRAs, which may be due to misunderstandings about the potential benefits of Roth accounts, Ruiz said.

"I think what we have right now is a lack of understanding between the differences of the two different types of individual retirement arrangements," Ruiz said. "Now, keep in mind that in a Roth IRA there is an income limitation that limits who can actually make the annual contribution. But the income limits that we're looking at are not necessarily low-income levels; they're pretty high-income levels, depending on which region of the country we are looking at."

As of 2014, a married couple or qualifying widow(er) could earn a modified adjusted gross income (MAGI) of $181,000 annually and contribute to a Roth IRA. In some cases, people with an annual MAGI between $181,000 and $191,000 can make smaller contributions to a Roth plan. Only those married couples or qualifying widow(er)s earning a MAGI above $191,000 annually cannot contribute to a Roth account.

Single taxpayers can earn a modified AGI of $114,000 per year and still fully contribute to a Roth plan. A reduced contribution is permitted for singles earning between $115,000 and $129,000 annually. Anyone earning a MAGI above $129,000 is ineligible to make deposits into a Roth IRA.

Ruiz reminds people to keep in mind that MAGI is not the same thing as earned income; the MAGI is calculated after certain deductions are made to a taxpayer's income, such as 401(k) deferrals, cafeteria plan contributions and flex plan contributions which means that more individual may be eligible to contribute to Roth IRAs.

In a nutshell, the difference between the two IRAs (Traditional, and Roth) is, in a Traditional IRA the taxpayer may get a tax deduction for contributions but distributions will be taxed because the interest and deductible contributions have not been taxed before. In comparison to the Traditional IRA, Roth IRAs have a tax-free distribution of principal, and if requirements are satisfied tax-free distribution of earnings as well. Ruiz also hopes to increase the public's understanding that cash and stocks are far from the only assets that can be deposited into either type of IRA.

"We're definitely heavy in the real estate investment world in The Entrust Group," Ruiz said.

❖

For more information about IRAs or other financial investments, call The Entrust Group at 800-392-9653 or visit http://theentrustgroup.com

Discover the *Miracle of Wealth* with Steve Down

My visit to Salt Lake City, Utah, was a fantastic opportunity to meet investors and industry leaders in person. It is at the Wasatch Real Estate Investor's Expo where I first had the pleasure of seeing Steve Down's captivating presentation firsthand. The Miracle of Wealth was a topic I was immediately drawn to.

Linda: Can you summarize for our readers The Miracle of Wealth philosophy?
Steve: The Miracle of Wealth philosophy is based on the premise that wealth is not earned. Rather, wealth is created. Once you understand the principles of wealth creation you can create wealth again and again as I've demonstrated in my career.

Linda: Can you be more specific?
The Miracle of Wealth program contains Eight Wealth Factors that will forever change the way you create wealth. Wealth Factor number one contains the core philosophy. It's called 10X Wealth: The Miracle of Adding a Zero. Linda, imagine if you could add a zero to your assets every five to ten years. How would that impact your future wealth? The growth would be astronomical!

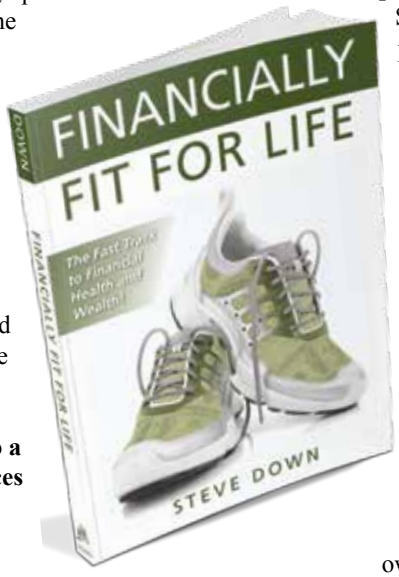
Linda: Of course simple math suggests that adding a zero to one's assets every five to ten years would be a miracle. My primary question is whether, or not, there's a practical application to your ten x wealth formula. So, where does the rubber meet the road?
Steve: My current real estate project is called The Falls Event Center. This is a new concept which I call small event centers. The small event center concept has been proven by another company which I co-founded called Noah's. There are now many Noah's centers operating profitably across the country.

Linda: Can you briefly describe the idea of a small event center?
Steve: A small event center is a highly advanced and efficient single level 12,000 sq. foot building that provides space for family and business events. Often, the cost is half the price of other event center options found in hotels and reception centers. Best of all, guests have the option of shopping the catering or having their family or employees prepare and provide the food.

Linda: It sounds exciting. Are these small event centers profitable when compared to other commercial real estate?

Continued on pg. 42

Steve: Linda, that's the most exciting part. When we build a small event center in a certain demographic we've demonstrated that we can more than double the returns of traditional commercial real estate.



Linda: If so, that's remarkable.
Steve: The small event center concept in the most exciting commercial real estate play since storage units became the grand slam back in the eighties. Public Storage, for example, trades on the New York Stock Exchange (PS) and still puts 40% returns to the bottom line on over 2,200 facilities!

Linda: I would love to have access to a small event center for own conferences I have scheduled across the country. How many do you plan to build and where?
Steve: We plan to build 100 centers throughout the US by our tenth year. Currently, we have sixteen under development in Utah, California, Arizona and Colorado. We are anxious to expand into Texas and Illinois. We intend to focus in states West of the Mississippi during our first five years.

Linda: How do you have the deal structured to attract investor partners?
Steve: I have structured the transaction to accomplish three primary goals. Goal one is to minimize investor risk; goal two is to provide above average real estate income; and goal three is wealth creation through the 10X wealth strategy. Details can be heard at my next lecture.

Linda: In your opinion, what's the single biggest mistake made by investors?
Steve: The biggest mistake I see is when investors try to do it all by themselves when they don't have to. When I fly I leave it to the professionals rather than going solo.

Linda: Why would investors want to join you as opposed to doing it themselves?
Steve: By hooking their car to my train they can diversify better than they could on their own. They benefit by having an experienced focused team developing highly profitable real estate across the country. Best of all, I structure the transaction in such a way that may significantly reduces the risk and provides a far greater upside potential. My experience tells me that doing

Continued on pg. 77

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Get proven and precise **improvement** strategies, **materials** lists and **inspiration** for your next flip!

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- Before & After Examples

AC ANDREW CORDLE

904 W. 72ND PLACE | MERRILLVILLE, IN 46410

IMPROVEMENT STRATEGY

From the outside to the inside, this house had many cosmetic issues--things that were original to the year it was built in 1970. By making some minor layout changes with the walls downstairs, we were able to change this 2,500-square-foot home in Merrillville, Indiana, from a 3 bedroom, 2 bathroom home, to a 4 bedroom, 2 bathroom home with a huge master suite including a walk-in closet and nice master bathroom. The HVAC system was in great working order, but we had to replace the roof, the garage door, many of the windows, and even haul in sand and dirt to fill in a huge cavity in the backyard where a swimming pool used to be. Without our asking, the city gave us brand new sidewalks in the front of the house, and our contractor did a fabulous job changing the ugly (and very dated) cast iron pillar into a wood pillar, complete with custom trim-work. When we first bought it, the exterior of the house was a very pale, drabby, whiteish-blue color, and the inside had an odor of pets. Once we got past the cosmetic issues, this house turned out to be a great house--probably the nicest one in the neighborhood!

MATERIAL LIST

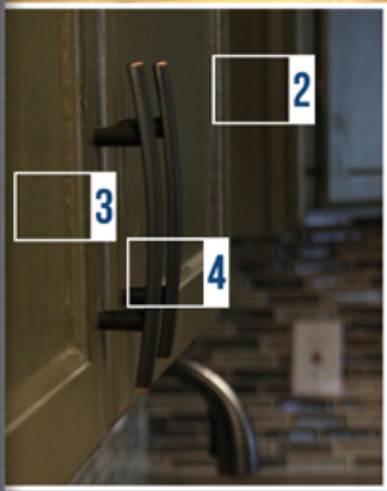
1. **BASE**
   Garden Wall
   (Behr PP 730D-4)
2. **TRIM**
   Cornerstone
   (Behr PP 330E-2)
3. **ACCENT**
   Intellectual Gray
   (Behr PP UL260-2)
4. **FRONT DOOR**
   Roasted Pepper
   (Behr PP 180D-7)
5. **DOOR HANDLE**
   Kwikset Smartkey
   (754-825)
6. **NUMBERS**
   Hillman Group 6"
   (838-909)
7. **MAILBOX**
   Dennison Steel by
   Gibraltar (631-399)

AC KITCHEN

IMPROVEMENT STRATEGY

All the changes to this house were very dramatic, but the changes to the kitchen were just off the charts! The kitchen had a very small and boxed-in feeling, so we eliminated an entire wall area, yet we added more cabinet space in other areas, actually creating much more cabinet space and more counter space than what was previously there. We had to get creative running some small ductwork through a pantry cabinet, but by doing this, we were really able to create an "open concept" and a kitchen that is a true showpiece. The high-end Samsung appliances we installed usually go on sale the cheapest at Home Depot during the month of November and during the July 4th sale.

904 W. 72ND PLACE | MERRILLVILLE, IN 46410



MATERIAL LIST

1 **HARDWOODS**
Tanzanian Wenge (12mm)

2 **CABINETS**
Unfinished Oak Cabinets (387-246)

3 **CABINET COLOR**
Feather Duster (MSL-251)

4 **CABINET HANDLES**
Liberty Bronze with Copper Highlights 3" Arched Pull (571-820)

5 **BACKSPLASH**
MS International Venetian Cafe 1" x 4" Glass Mesh-Mounted Mosaic Wall Tile (1000-012-776)

6 **BACKSPLASH GROUT**
Polyblend #382 Bone (123-851)

7 **TRACK LIGHTING**
Hampton Bay 5-Light 10 ft. Antique Bronze Retro Pinhole Flexible Track Lighting Kit (904-270)

8 **UNDER-CABINET LIGHTING**
Hampton Bay 6-Light Xenon Puck Light Kit (818-313)

9 **STOVE**
Samsung 5.8 cubic feet, Gas Range with Self-Cleaning Convection Oven in Stainless Steel (244-686)

10 **DISHWASHER**
Samsung 24-inch, Front Control Dishwasher in Stainless Steel with Stainless Steel Tub (284-921)

11 **MICROWAVE**
Samsung 1.8 cubic feet, Over the Range Microwave in Stainless Steel with Sensor Cooking (250-783)

12 **REFRIGERATOR**
Samsung 25.6 cubic feet, Side by Side Refrigerator in Stainless Steel (603-464)

13 **GRANITE**
Prada Gold (Special Order Granite)

AC BATHROOMS

904 W. 72ND PLACE | MERRILLVILLE, IN 46410

IMPROVEMENT STRATEGY

The bathroom downstairs was originally just an extra bathroom in the house, but we changed it into the master bathroom, with heated tile floors and an upgraded bathtub with Jacuzzi jets. The oil-rubbed bronze fixtures really stand out nicely with the warm tile choices throughout all the bathrooms in the house. The dual-flush toilets from Home Depot give an upgrade to our bathrooms, yet at a lower price. Also, located right next to the master bathroom is a huge walk-in closet with his and hers Martha Stewart closets on both sides.

MATERIAL LIST

1. **FLOOR TILE**
   MARAZZI Montagna Natural 24"x6" Glazed Porcelain (191-926)
2. **FLOOR GROUT**
   Polyblend #380 Haystack (545-880)
3. **SHOWER TILE**
   MARAZZI Montagna Lugano 16"x16" Glazed Porcelain (816-688)
4. **SHOWER ACCENT**
   MS International Cosmos 12"x12" Glass Stone Blend Mosaic (366-928)
5. **SHOWER GROUT**
   Polyblend #380 Haystack (230-766)
6. **SHOWER FAUCET**
   Moen Single Handle in Mediterranean Bronze (502-734)
7. **BATHTUB**
   5' Everclean (518-554) Jacuzzi
8. **VANITY**
   Two 30" Glacier Bay Java Combo (1000-003-007) and One 12" Glacier Bay Floor Hutch (1000-003-005)
9. **FAUCET**
   Moen Banbury Widespread in Bronze (729-590)

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A Private Wealth Series Event

September 15-16, 2014
Renaissance Vancouver Harbourside Hotel, Vancouver, BC

As part of the Private Wealth Series, this family office and endowment investment conference is Opal's premier event for high net worth individuals, family offices, and endowments. The Vancouver program is tailored to Canadian investors who have an interest in new and exciting investment opportunities world wide. Whether you are interested in learning more about real estate, real assets, or how to continue to build on existing wealth, this conference gives delegates the opportunity to learn and mingle with industry experts.

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REFCODE: FOCWA1407

Don't Flip This House!

Why this home flipper pivoted to buying notes, and created an online note buying community...

FUQUAN BILAL, ***Founder of National Note Group***, kicked flipping houses to the curb. Here's why he did it, and how more investors can enjoy a rewarding transition to investing in highly profitable mortgage notes…

In Pursuit of True Freedom

Leader of the NNG Note Academy, Mr. Bilal recognizes flipping houses, and spending hours drooling over eye candy at interior design stores can be enticing, and financially rewarding. After all, he has been a successful flipper himself. However, for Fuquan, these days are now focused on acquiring pools of mortgage notes, and helping homeowners.

I dial 973.855.4922 (the head office of NNG)…the phone rings. And just when you are mentally preparing yourself for facing the grueling process of navigating yet another automated phone system…a REAL person answers!

To the background beat of live deal making in process, in the active NJ headquarters of National Note Group, Mr. Bilal's calm voice, conveys the confidence of a highly experienced, and unflustered money manager that would be just as at home in the center of the Wall St. bull pen, as on the couch, watching TV with the kids. In the exclusive interview that follows, Fuquan breaks down how easy it has been made for investors to buy notes, how they can stay safe doing it, and why more should.

After joining the ranks of house flippers vying for big paydays buying and fixing up houses in the early 2000s, Fuquan says he woke up one day and realized that he had become a *"slave to money,"* a position which was *"robbing him of a real life, and true freedom."*

As all house flipping investors know, it is an easy trap to fall into. Flipping houses can be incredible profitable. Yet, the promise, and potential for a 4 hour work week, often instantly dissolves in the face of ambition, and the thrill of the chase of the next deal. Before long it can become more than a full time job, and a highly stressful one.

So Mr. Bilal, assembled a top team with almost 3 decades of experience in the mortgage note, and debt investing industry. National Note Group was launched, and eventually, the Note Academy, which equips and teaches others to invest in notes safely and successfully.

Now the industry thought leader spends his time turning others onto the incredible perks of note investing, and

helps homeowners and families stay in their homes.

Notes can still be used as a tool for flipping houses, but Fuquan says he enjoys the enhanced freedom they offer for facilitating more time with his family, adding *"you can still spend your weekends browsing at Home Depot, if that's really what happiness means to you."*

Why Buy Notes?

Bilal says *"There has never been a better opportunity for creating cash flow, and acquiring these assets at a discount, while enjoying more passive income and wealth building."*

The desire to *"retire early"* is obviously one of the biggest drivers behind interest in all types of real estate and mortgage investments. However, this note investing educator says *"buying mortgage notes is equally attractive to currently active hands-on real estate investors as it is beneficial for busy professionals such as doctors, lawyers and engineers, seeking superior returns and security than the stock market can provide."*

Mortgage notes are known for offering high yields, but with the brick and mortar backing of direct real estate investment, without any of the hassle that comes with property management and maintenance.

Getting Started in Note Investing

Prior to founding National Note Group, company president, Mr. Bilal started investing in notes with his own money (and still does).

He tells our readers that while many individuals are moving large portions of their capital and portfolios over to debt investing through mortgage notes, it is entirely possible to get started with as little as $7k to $8k. However, he is quick to point out that those able to invest at least $25k are better off, by being able to benefit from immediate diversity across multiple 2nd mortgage notes. Given the high rates on these loans, Fuquan says earning yields of $600 a month in cash flow on this modest amount of investment isn't uncommon.

Some have perceived venturing into note investing as complex in the past. However, National Note Group's spokesperson tipped us off to NNGNoteAcademy.com, which was built as an industry first, revolutionary, virtual note investing resource center and online community. Here both aspiring and veteran investors can access forms, documents, top level tips and tools, share information, and sign up for events like the 6 week Cash Flow Boot Camp course, and ongoing voice support. It's like a ***"GPS navigation system for investing in mortgage notes."***

Life Happens + The Bridge

While the media has done an outstanding job of declaring foreclosure rates as declining across the nation (even while new defaults are surging by triple digits in some zip codes), National Note Group sees incredible rewards and sustainability in this sector. We are reminded that defaults will always be present due to a variety of life factors, and that current perceived dips in foreclosure activity, and REO sales are actually in large part due to banks and mortgage lenders selling the paper to avoid the high costs and hassles of the foreclosure process.

National Note Group acts as the bridge between Wall Street and Main Street to provide individual investors with access to attractive note buying and investment opportunities.

Investors can choose to buy individual mortgage notes through NNG, or become capital partners, and invest in a pooled fund. This second option provides the security of an SEC regulated and approved investment, along with the superior security of being collateralized by the entire fund's assets. A unique new feature NNG has just included offers the ability to draw down from the pool to acquire individual notes too.

Note Smarts: Navigating NPLs

NNG specializes in institutional note buying, and specifically in second mortgages.

Targeting higher yield non-performing second mortgage loans, behind performing first mortgages is among the strategies that have made National Note Group so successful, and has given their investors the best of both worlds - in yield and performance.

Still, Fuquan elaborates that comprehensive due diligence is performed prior to acquisitions. This includes evaluating equity status, and individual borrower credit reports. He is clear that *"the goal is not to foreclose,"* but instead *"whenever possible to assist homeowners and their families get caught up and stay in their homes."* However, he continues that there are some cases in which borrowers simply can't afford their homes. In these situations NNG goes the extra mile to help them relocate, often including assistance with moving and move-in expenses for a rental home to provide a graceful exit and fresh start. For investors Mr. Bilal highlights that any notes in states which take longer to foreclosure on are protected by offsetting these timelines with deeper discounts. ❖

GET CONNECTED

Those interested in learning more about buying, selling and investing in notes and debt funds will find more details and support online at **NNGNoteAcademy.com** and **NationalNoteGroup.com**, or by simply dialing the above hotline.

RehabMagic

BEFORE

SAMPLE FLIP IN FONTANA

Purchase Price	$130,424.81
Rehab Monies	$ 30,000.00
TOTAL $160,424.81	
Utilities/Gas for Rehab	$1,000.00
Alarm	$397.00
Other Utilizes	$750.00
Fire Insurance	$255.00
Home Depot/Etc.	$11,257.35
Labor	$11,000.00
Carpet padding/Vinyl	$1,170.00
Home Inspection Work	$1,526.68
Termite Work	$450.00
Buyer's Refund	$-450.00
Appliances	$1,200.00
Landscaping	$1,130.00
Add on	$6,716.19
Air conditioning	N/A
Granite	$1,200.00
Dumpster	$1,024.24
Roof Certification	$ 450.00
TOTAL:	**$33,549.78**

AFTER

The neglected house on Date Avenue in Fontana needed more than just a simple coat of paint, it needed a complete overhaul. Yet, Anthony Patrick, from FlippingHousesBusTour.com, knew that underneath the filth a beautiful home was awaiting to emerge. This short sale deal was found on the local MLS (Multiple Listing Service). The house had numerous code violations, including illegal additions. While other investors passed on the property, Anthony Patrick saw opportunity and profit. To learn more about fixing and flipping homes, visit his website: http://FlippingHousesBusTour.com

AFTER

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- How to estimate repair and building upgrades
- How to never overpay for repairs
- Which upgrades will provide the best return
- How to determine if a property will qualify for FHA financing
- How to inspect properties with confidence
- How to develop a real estate investment team
- How to analyze a rehab project to prevent over-spending
- How to avoid pitfalls & more...

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The Power of COLLABORATION

Rick Perez, CEO of Realty Capital Lending, Reveals His Tips for Success

Times are nothing like they were between 2009 and 2012 where REOs and foreclosures were in abundance. Now, Short Sales are becoming harder and harder to find. Once found, delays of getting the 1st and 2nd Trust Deeds accepted can be extremely agonizing.

For the "in-and-out investors" with little knowledge, it is a difficult time. Inventory is the key, but where do we get it?

The investors we work with directly are getting creative and networking. Making more contacts with real estate agents, attorneys, probate court deals, continuing to pursue short sales and even now standard sales. The last few years many investors gave up purchasing foreclosure trustee sales due to the large hedge fund buyers picking up the properties at buy and hold prices.

The successful investor works hand-in-hand with his active agents and finders. He has to be able to respond fast and follow through, and close quickly when needed. I have seen many investors falling at the sidelines due to lack of performance, lack of keeping their word, and last minute hard-nose tactics that may save them a buck or two on the current deal.

It's important to treat the "hustlers", out there finding you deals, with the utmost respect in order to nourish those relationships. Remember: Our business is based on the Win-Win concept.

EXPERIENCE IS KEY FOR SUCCESS

Experience is so valuable, however, if you don't have it, bond with one of your team mates that does. Here are some important tips, I've learned along the way:

1. VERIFY ALL THE INFORMATION

It is always a good idea for you to verify the info with the city, a title company or another agent. We make it a practice to review the subject property and comps, the zoning and square footage. We have found that helping our clients understand a deal, a construction build-out idea, or any possible issue that can arise puts our clients that much more ahead of the game.

2. PROTECT THY-SELVES

Do your own due diligence. We all have to protect ourselves. The reality is bird dogs and agents may be giving a miscalculated value. Drive the property, walk in it, drive to review the comps, verify city records. Please make sure what you are being sold is in fact what the building department of said city has registered.

3. HAVE THE FUNDS READY

Private Money/Hard Money lender in your corner. If you need my help on a deal call me, knowledge from A – Z of real estate investing and building, Interior conversions, add-ons, setbacks, Retaining Walls, Casons, Plan check, hearings, conditional use permits for different zonings, Variances, REAP properties, Substandards, Liens.

Closings from 4 to 10 days on residential 1 to 4 units and small commercial buildings. From 14 to 40 days on, most, larger commercial structures.

4. CREATIVITY IS KEY

Internal conversions, add-ons, build new, down size, change use, buy notes, joint venture, mortgage notes...

Being flexible in your deal making will improve your chances of success. Our team always likes hearing about the ideas our clients have and we often get involved in joint ventures. Be a creative investor and if something is needed to make the deal work, don't be afraid to ask for help.

5. WORK WITH THE RIGHT TEAM

Don't try to do this alone, the right people can expedite your success. For example: We come across inventory every week from our bird dogs and wholesalers and share these with our clients. this is an added bonus to having our company in your corner. It's especially important to add trusted team members to your circle if you don't' get out of the office or house much or are just starting out.

On this note, if you happen to have wholesale deals and would like to address the possibility of selling them to a few of our clients, please contact us. We are always looking for residential and commercial inventory. Also, lots with existing plans in place are always a possibility, since many of our clients have been taking on new build projects.

I hope these tips will assist you in landing and closing your next deal. ❖

For more information about Rick Perez please contact: (310) 308-7425

FINDING A MENTOR

Lori Greymont with Summit Assets Group Shares Inside Tips!

I love real estate. It is part of who I am. When I was a child, we would move into the "broken house" fix it and then eventually sell it and do it again. My mother was the queen of creative financing. She didn't have credit or employment after my parents divorced, but that didn't stop her. She was determined to raise her children in a house, so she found someone that would carry the financing- contract for deed. After the house was fixed, she wanted to move to a new town and she found someone willing trade houses straight up. Each move meant rehab for us, but we loved it. As I look back, I realize my mom was my first mentor in many ways more than business.

Lori Greymont

As a college student, I ventured out on my own- I purchased my first home for $40,000. It was a HUD program with $500 down (my interest rate was 21%!) and I qualified for the loan using rental income from the house I was trying to buy since I was an unemployed college student. This was on the advice and counsel of my mom, of course! I was able to rent out the basement after we turned it into an apartment. I didn't stop there, it was a 3 bedroom house and I only needed 1, so I rented out the other two rooms also. Now mind you, this house was only 4 blocks from the university, so it was easy to rent out and for top dollar. That was when I fell in love with cash flow! I became a student of my mother, applying what I learned growing up. Since my early days, I have since founded a nationwide real estate turnkey investment company that since 2010 has bought and sold over 1600 homes. My rehabbing experience has grown to now where we successfully rehab remotely, up to hundreds each year.

Some people ask if I have ever failed. That depends! If by failure, you mean losing money? Yes, I have lost money, lots of money. But I stay in the game. As Warren Buffet puts it "Just make sure your wins are bigger than your losses!" If you are investing in real estate and you plan on only doing 1 deal. You have a good chance of failure. If you plan on doing 10 deals, you can win 8 out of 10 of those deals and be well ahead even with two losses. My point on this is don't go into real estate tepidly, as though you are testing the water. If you do, it probably will not feel good and you will be done prematurely.

If by failure, you mean buying the wrong house or paying too much? Yes, I have done both. One of the defense mechanisms we do as humans is we don't want people to think we are stupid (we don't want ourselves to think that either) so we justify why we thought something was a good idea. Let's say you bought a house and thought the rehab would only be $10,000. Somehow an inspection was missed and after you own the house, you find out there is structural issue that will cost more than $25,000. This cost plus the rehab will cause you to sell at a loss. First and foremost, don't justify the purchase. I have heard investors say things like, "I am ok losing money because I am getting experience." Never be ok with losing money. That sucks! Instead realize that you made a mistake and admit it. Then let go of it. Continuing to condemn yourself wastes precious energy you need to create more income. The next step is to create a system to prevent this same mistake from happening again. Then, determine if you can sell the house now and if so, for how much? If you do fix it, how much will you sell it for? Choose the path of the smallest loss. If they are similar, ALWAYS take the "now" option so you can employ your resources (time, money, energy) into a profit making property in the fastest time possible. Lastly, don't blame others. That doesn't solve the problem and people start to think twice about doing business with you because they don't want to be blamed for your decision making abilities or lack thereof. I quickly admit my mistakes. I don't throw any more money at it to try and save it if it doesn't make sense. I create a liquidation plan and move on. Sometimes my liquidation plan means I have to find another deal to get the short fall to sell the deal I am losing money on. I want to invest my resources (time, money, energy) on a new deal that will make money and cut my losses as quick as possible.

My true definition of failure has nothing to do with losing money. To me, Failure is not trying or giving up. If you ask me if I have failed and we use my definition? Then my answer is "No, I have not failed." But, there is only one reason that I haven't. Have I wanted to quit? Yes, at least a thousand times. Have I not wanted to make that "All important but intimating phone call?" Yes, at least a thousand times. There is only one reason I am still in business, it is my secret weapons. I have mentors. Yes, that is plural. I invest tens

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Tax Planning Strategies for Real Estate Investors

Tony Watson with Robert Hall & Associates provides money-saving tips for investors.

by Stephanie B. Mojica

The ultimate tax deduction for any American citizen is a well-planned investment in commercial or residential real estate, according to Los Angeles-based consultant Tony Watson.

People flipping three or more real estate properties annually need to pay careful attention to how they structure their businesses, according to Watson.

Watson, a tax consultant for Robert Hall & Associates since 2005, spends part of his time as the firm's official public speaker. He discusses tax ins and outs with audiences ranging from 10 to 1,000 people, utilizing his 13 years of real estate industry experience to educate potential investors.

"Real estate investing and actual income taxation kind of go hand-in-hand," Watson said.

Watson, who earned a bachelor's degree in business administration from Chapman University in Orange County, California, grew up in a family of real estate investors. He along with his brother and father each have years of experience investing in commercial and residential real estate inside and outside of California. Unfortunately, in Watson's professional experience real estate and tax education tends to be the exception rather than the rule.

"One of my major concerns with the general public is that people don't quite understand what they should at the level of investing they're in, whether they're in their thirties, forties, fifties, even in their sixties and seventies," Watson said.

Watson says most people do not understand how much of a tax deduction real estate investments can create. On the flip side, a lack of basic tax education can cause investors to accrue unexpected tax bills, especially if they choose to invest as a sole proprietor rather than through a corporate structure.

Another problem Watson tries to curtail through one-on-one education and his group discussions is the misconception that people can easily make thousands, even hundreds of thousands of dollars, through real estate investing.

"Once a person does their first deal, it's either a make or break situation at that point," Watson said. "Because I have a lot of clients who come in gung-ho about trying to get investing in real estate or getting their first investment off the ground, they get hands-on with the property and then they get worn out and then that's the last property that they try to invest in."

A thorough discussion about the potential tax benefits beforehand can probably alleviate most if not all cases of investor burnout, Watson says. The advice he would give to a "flipper" would be slightly different from the advice he would give to someone with a more long-term investment outlook. A flipper generally keeps a property less than a year before selling it for a profit.

People flipping three or more real estate properties annually need to pay careful attention to how they structure their businesses, according to Watson. If the investor is not prepared, he could end up owing self-employment taxes along with the typical state and federal income taxes. Thus, not having a corporate structure

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PRIVATE Money411

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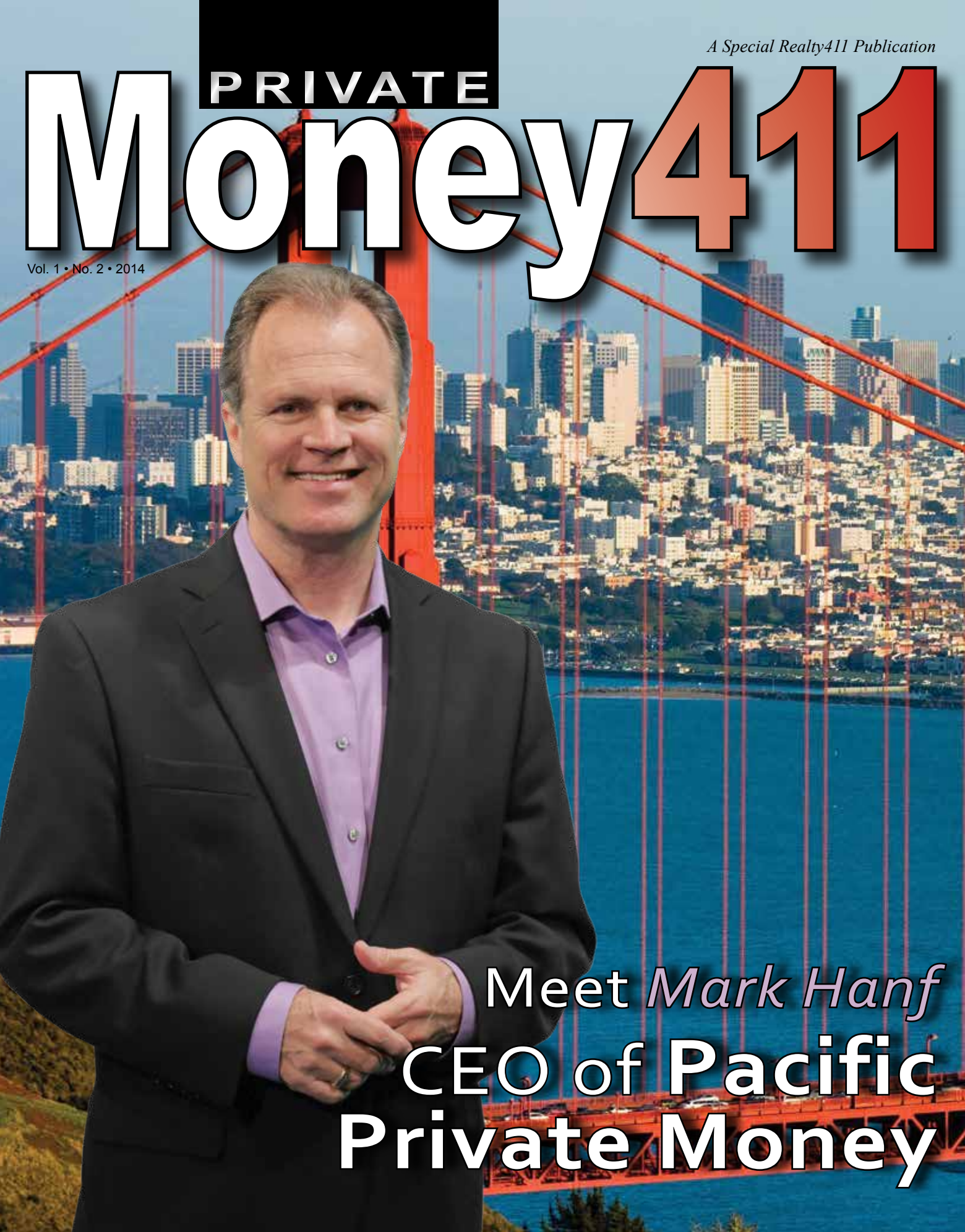

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Randy Reiff, CEO of FirstKey Lending.

The Bay Area is bustling with real estate activity and many deals are being financed with private capital.

PRIVATE MONEY 411
Cover: Mark Hanf, CEO of Pacific Private Money, assists Bay Area investors in financing their real estate transactions.

Below: Mingle with hundreds of investors in Florida, see page 9.

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A Special Edition from the Publisher of Realty411

B2R Finance

America's Buy to Rent Lender

Financing Single-Family Rental Properties

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LEVERAGING the NEW RENTAL HOME MARKET

By Tim Houghten

What's really going on in the single family rental home industry? What are real estate investors buying now, and why? Who is up for a $10M line of credit to expand their rental property portfolio?

Private Money411 sat down with finance industry veteran, and President of B2R Finance, John Beacham to get the real deal on the state of the market today.

So what are serious real estate entrepreneurs and sophisticated investors really up to now? What priorities are driving their property investment moves, and how great are these new buy to rent loan programs, really?

The President on the State of the Single Family Rental Home Industry

There's no question B2R Finance's John Beacham has to be one of the top minds in the mortgage and real estate industry today. In a rare opportunity to get his personal view on the market, and benefit of his 17 plus years managing big money, for the world's largest mortgage giants, *Private Money411* was able to tap the President's take on the evolving rental home landscape.

Firstly, Beacham reminds us just how large this market is, with "an estimated 14M rental homes in the U.S." This number could increase significantly if billionaire investor, Sam Zell's recent prediction of American homeownership dropping to just 55% comes true too. Recently most of the single family rental pool has been held finance free. Beacham credits this to a void in the mortgage market, which has lacked strong options, and wasn't serving real estate investor needs. B2R Finance broke into 2014 with the game changing announcement it was unleashing new buy to rent loan programs specifically to provide liquidity, and fuel this market. Recent housing statistics appear to indicate this has been adding strength and traction.

What Are Real Estate Investors Buying Now, and Why?

While headlines reveal major bank brands shedding mortgage staff by the thousands, Beacham reports B2R Finance has actually been "beefing up" the firm's operational and client service team, to meet increased demand.

According to the finance giant's president, speculation about declining foreclosure activity, "has not been a factor." Some investors are certainly still acquiring distressed homes, though for the majority, it is business as usual; acquiring sound, less problematic, cash-flowing rental homes from more traditional sources.

John Beacham

Asked for his opinion on how some parties have recently used the media to promote their interests in proclaiming "the 'burbs are dead", and everyone from Millennials to aging boomers are flocking to dense inner cities, in search of micro apartments, Beacham said he had witnessed no substantial, tangible shifts in data to support that. Rather he points to very moderate, to "low single family rental home vacancy rates, which are hovering around just 5%," for those that want real numbers to support their investment decisions.

This appears to more closely coincide with multiple recent studies including the 2014 Realtor.com Home Crush Survey, which placed 'outdoor living spaces', 'curb appeal', and 'garages', and other features more characteristic of single family homes, as the most in demand factors for today's home shoppers.

In fact, in many areas rental vacancy rates are below 5%. Recent statistics from Zillow and the *Boston Globe* reveal rental rates responding by rising by over 22% year-over-year in some neighborhoods. In Southwest Florida, some prime neighborhoods have recently seen asking rents rocket 50% in a matter of weeks, and this is the region's slow season.

Meanwhile, U.S. GDP has been revised down to negative territory, bond yields are low, stocks have shown their more volatile side, and investors need a stable alternative.

The modified American Dream 2.0 might involve a little less sweat equity and commitment today, resulting in renting a family home with some yard space becoming a very happy medium for many.

At the same time, professional investors, and the more financially blessed are in need of what Beacham describes as "an inflation adjusted asset, which is able to provide stable retirement income." Single family rental homes check all the boxes perfectly, providing investors can find "predictability in long term financing."

Priorities for Real Estate Investors

Aside from concern of lost opportunity costs, and long term impact on investment portfolios from not seizing on current market conditions, real estate investors have certainly found far more clarity in what they expect from

Continued on pg. 16

We lend on distressed Real Estate Investments!

fix & flip

ZINC Investor Rehab

a program designed just for real estate investors!

PROGRAM HIGHLIGHTS:

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- No Pre-Payment Penalties!
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1 Up to 85% of acquisition, LTV with minimum of 5 or more profitable transactions with ZINC in the last 12 months. *Please go to www.zincfinancial.net for complete details

2 NEW REHAB LOANS

by Tim Houghten

ZINC Financial, a Clovis-based private lender launches two new rehab loans for California and Arizona Investors.

Both flippers, and buy and hold investors are about to find financing for real estate deals in California and Arizona much easier to come by, and leverage options far more attractive.

President of Clovis, Calif.-based ZINC Financial, Todd Pigott, has announced the addition of two new, very aggressive investor loan programs for rehabbing and flipping or rental residential properties.

According to the principal of this direct California lender, high investor demand, and "a strong exit strategy," has made rewarding experienced rehabbers, with preferred private money loan terms, a natural expansion of already popular financing options from ZINC Financial.

NEW VELOCITY PROGRAM

In an exclusive interview with *Private Money411* magazine, Pigott revealed details of ZINC Financial's new low rate Velocity Loan Program…10% and 2 points.

Velocity is available to experienced rehabbers who have completed two fix and flip loans with ZINC, meeting certain velocity requirements. These investors will receive preferred terms for fixing and flipping houses in California and Arizona. Through reduced rates, rehabbers can achieve a higher R.O.I., and enjoy even larger profit margins. Pigott highlights a low 10% interest rate, with just 2 points as providing investors access to some of the best leverage in the industry in years. Investors can use Velocity to take advantage of LTVs as high as 85% of the purchase price. ZINC Financial will also fund up to 70% of rehab costs. Loans can be closed in as little as 7 days. Access to the Velocity Program is reserved for real estate investors with a track record of flipping houses within 4 to 6 months; and continue to have a strong continuing relationship with ZINC. Newer investors are able to begin by building a relationship with ZINC via the firm's other programs, with the intent of earning access to the Velocity Program.

NEW BUY AND HOLD PROGRAM

For those real estate investors focused on long term wealth building, and ongoing passive income, ZINC Financial is also rolling out a Buy and Hold Investor Program for rental properties.

Specifically available for 1 to 4 unit residential rental properties, this program offers attractive rates, and rehab funds for acquiring distressed homes, and bringing them up to rent-ready condition.

Buy and Hold Investor Program Highlights Include:

- Rates from 7.49%
- 5 year fixed rate loans
- LTVs up to 80% of purchase price

WHY ZINC IS UNIQUE

If the above wasn't reason enough for fix and flip and buy and hold investors to check out what ZINC Financial has to offer, Pigott unveiled several other unique advantages investors will find when seeking access to private money working capital. ZINC Financial offers NO pre-payment penalties for their fix and flip loan products, and can close in as little as seven days. This is a result of ZINC being a true direct lender, lending its own funds. They are not a broker, who then has to try and find individual investors for its loans. This can be critical for those that have used their own cash to put up non-refundable deposits.

Todd Pigott

As a true direct lender ZINC Financial is able to make fast, common sense, loan approval decisions that other lenders can't.

Most lenders will not lend on deeply distressed properties, and ZINC specializes in this area. Whether it's a short-term fix and flip loan, or a long-term buy and hold, ZINC has the private funds on hand to close these transactions.

Most lenders won't consider financing for challenging transactions, such as:

- Flood damaged properties
- REO or foreclosure
- Extremely dated properties
- Fire damaged properties and burnouts
- Vandalized properties
- Unpermitted additions, etc.
- Probate properties
- Properties with inspection issues

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How to Earn Tax-Free Wealth on Real Estate DEALS and Meet Hundreds of Other Investors

There is a (legal) way to make tax-advantaged profits on your real estate investments.

Equity University's Wealthy Building Summit was created 6 years ago to reveal those strategies from the successful investors using them and to help investors connect.

Many real estate investors have been surprised to find out that they could pay fewer taxes – or defer tax payments – on profits from their real estate and other investments.

It may not seem possible, but it's true – and legal. Government sponsored retirement plans such as IRAs and 401(k)s, as well as healthcare and education savings accounts, allow the plan holder to invest in almost anything – including real estate. In addition to all the benefits those plans provide—tax-deductions and tax-free profits—apply to nearly any investment the investor chooses, including real estate.

REDUCING TAXES ON REAL ESTATE PROFITS SINCE 1974

Most investors don't know this opportunity exists because most custodians of IRAs (and other savings accounts) do not offer truly self-directed IRAs that allow Americans to invest in real estate and other non-traditional investments.

According to industry estimates, only about 2 percent of Americans are currently taking advantage of self-directed IRAs. This is likely because most financial institutions don't have the capability to offer this type of account, and financial advisors aren't incentivized to set their clients up with this strategy.

It's only through a self-directed investing account custodian that investors can use retirement funds to invest in real estate or any of the other asset options permitted by the Internal Revenue Service. Self-directed investing account custodians answer to the IRS just as any other IRA provider, it's perfectly legal and it has been since the creation of the IRA in 1974.

EVENT CREATED TO HELP INVESTORS GET STARTED

"Is it hard to do?" is a common question about investing in real estate with a self-directed IRA. It is very similar to the way you currently invest in real estate. There are just a few rules unique to self-directed IRAs that investors should be clear on before they get started.

Education is just one component of successful self-directed investing; the other is getting in front of the right people.

The key to self-directed success is gaining the knowledge to confidently carry out that first deal. Realizing this fact, self-directed IRA custodian—Equity Trust—established an educational arm of the company—Equity University—to help self-directed investors become more successful.

Equity University furthered this mission six years ago with a three-day event that combines self-directed investing education from top industry experts and successful Equity Trust clients with opportunities to connect with hundreds of other investors across the country.

Based on the success of the first year, Wealth Building Summit has become an annual conference. It has grown each year, to the point that more than 500 attendees are expected for the 2014 conference, which will take place September 19-21, 2014 in Orlando. Many attendees return to the conference year after year because each conference produces a new slate of successful investors sharing their strategies.

In addition to providing the knowledge investors need to understand the unique aspects of self-directed real estate investing, the event offers a chance to discover strategies that they might never have considered or thought was possible.

Some of the topics that will be discussed during the weekend's 30-plus hours of education include:

An inside look at up-to-the-minute market trends from an industry authority at real estate data and insight provider RealtyTrac

How to take advantage of opportunities in today's real estate market, including foreclosures, rehabs and rentals

Advanced real estate investing strategies that clients have used – and others can replicate – including LLCs, wraps, subject-tos, wholesaling and more

Ways to invest in real estate with little money down

Two bonus days (September 18 and 22) filled with half- or full-day workshops that provide a deeper look at specific investment strategies from the successful, seasoned veterans who are using them.

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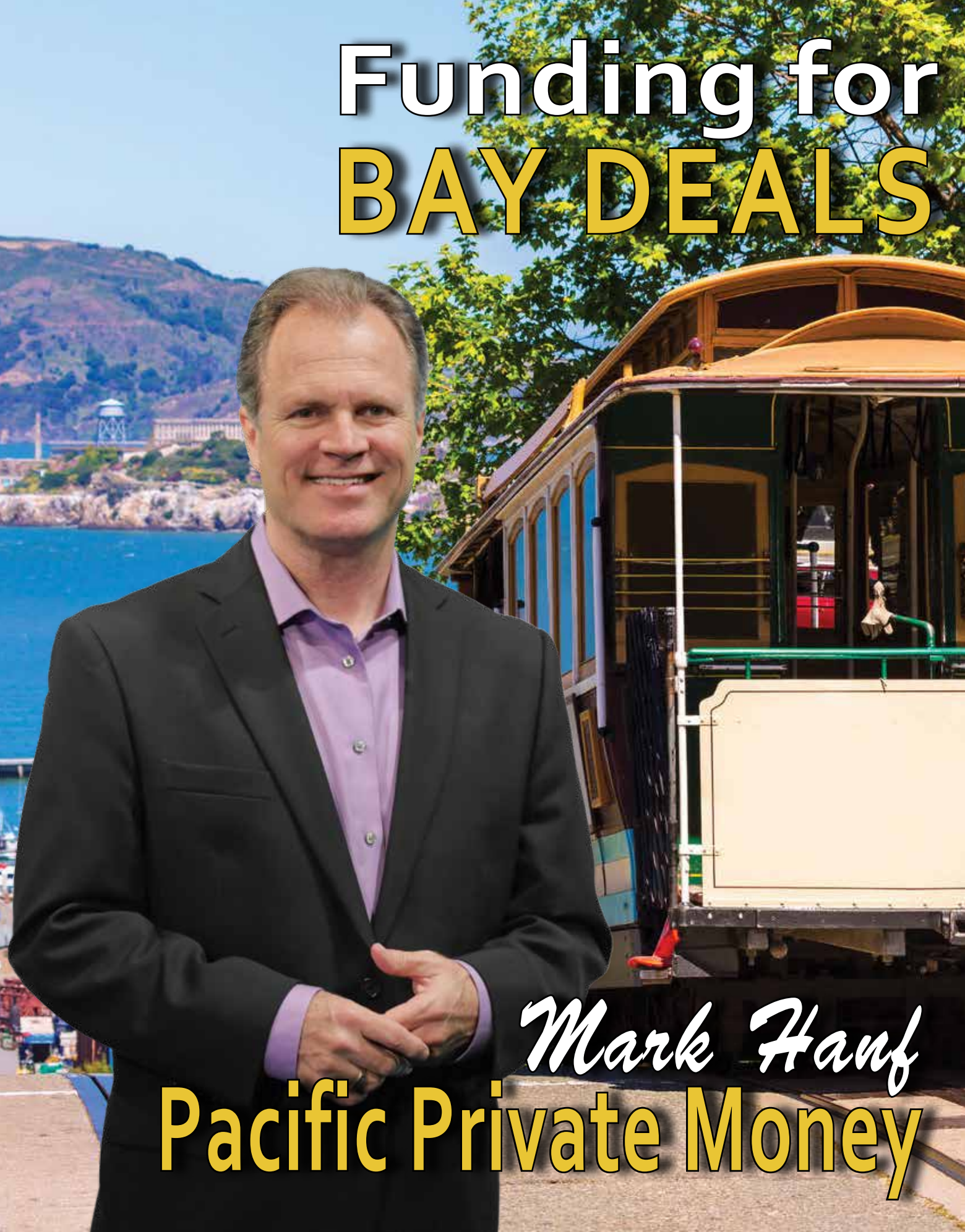
Funding for BAY DEALS



Mark Hanf

Pacific Private Money

In today's financial climate having access to private financing is crucial. So how can real estate investors become better at attracting private money, and landing attractive hard money loans today? What best practices and tools can investors adopt today for maximizing their time, and finding the capital they need to fully capitalize on the opportunities in the real estate market?

In an exclusive interview Mark Hanf, co-host of *The Best of Investing*, every Saturday at 1 pm on AM910 Fox News Radio, and founder of Pacific Private Money in the Bay Area dishes the 411 on private money in 2014.

THE NEW PRIVATE MONEY LANDSCAPE

The hard and private money arena has changed dramatically over the last decade. The players are different, Dodd Frank has instituted new rules, and in terms of financing: The mortgage market has almost come around full circle.

So is it harder or easier to get a loan today, and who might be needlessly sitting on the fence when money is out there for the taking?

Mark Hanf highlights the fact that many private and hard money lenders in business today have only entered the market since 2008. This means most aren't the "If you can fog a mirror you can have the cash" players of the boom of the early 2000s, and they aren't bitter or too overly cautious from experiencing being burned before like the bank down the street. Instead, Mark describes the current landscape of lenders as "serious, and effective lenders that have been providing the bulk of the financing to investors for the last six years."

Two years ago Pacific Private Money's clientele was 75% flippers. Now Hanf says the San Francisco-based lender is making "more consumer loans, and is ever broadening its product offering."

One of the most exciting developments being unleashed is private money construction loans now becoming available from Pacific Private Money. The firm's founder says they actually make advanced draws to begin construction, in contrast to most banks, which work in reverse and make borrowers shell out their own cash first, and then request draws.


The team at Pacific Private Money.

In terms of how tough hard money lenders are on approving loans today, Hanf says "We are not score driven, but we do want to get a sense for how a client handles their credit." In the case of real estate investors with experience from the last boom who are eager to get back in, Hanf adds "We aren't afraid of past foreclosure or bankruptcy, if they have experience, and have been getting back on track."

Investors should still expect lenders to be looking for some skin in the game today, but Hanf is quick to point out that "100% OPM financed deals are definitely possible today," detailing "one of the best ways to achieve this is smart use of leverage with a hard money loan, coupled with private investor money."

In particular Mark points to the use of 'Gap Financing', for which he says he has a portfolio of private money sources potentially available for those needing to fill the blanks.

QUICK TIPS, TOOLS & STRATEGIES FOR MAXIMIZING YOUR EFFORTS

7 Insights from the Northern California Private Money Lender…

- Facebook and LinkedIn are both 'must-haves' for branding today
- Attend local Meet Up groups for connecting with investors and private money partners
- Real estate is a "Contact Sport", requiring face-to-face interaction to build the 'know you, like you, trust you factor', and facilitate real deal making
- Work with a local lender who can help achieve "Realistic pricing, faster closings, and on time closings."
- For private lenders, staying local provides efficiency in lending, can reduce risk, and helps build their communities
- Upgrade your website every couple of years to stay on top of trends
- Despite lunar leaps in technology, computers can still be best leveraged for creating Credibility Packages and making presentations to attract private money.

The company uses two websites – PacificPrivateMoney.com for its borrower clients, and PacificPrivateInvestments.com for its investor and lender clients. The recently re-launched investor site sports a new, very web 2.0 website re-design.

So what top tips did Hanf have to offer on navigating the design process?

"Elance (which recently merged with even larger outsourcing platform, oDesk) offers very skilled freelance designers from all over the world, with fees of 10% or lower than those of many stateside agencies, but who can provide equally great work." However, the California lender did note that offshore designers typically need direction on copy editing. This can also be outsourced.

Want more?

In our interview Mark Hanf leaked some details from his new upcoming book, *The Insider's Guide to Attracting Private Money,* available starting July 2014 via www.AttractingPrivateMoney.com

Hanf's guide will include a detailed 411 on how to put together a comprehensive Credibility Package to score attractive private money and fresh capital. ❖

Now is the time to put your big boy (or big girl) shoes on and grow your business model up.

Do you, like many brokers, spend most of your time looking for a lending source? Are you chasing bad deals because you don't know they're bad?

Don't settle for being good at what you do, be the best by attending **Pitbull's next National Hard Money Conference, October 16th in Fort Lauderdale.** Presentations by seasoned lenders, brokers and service providers will give you the invaluable insight needed to cut your learning curve in half.

And if you already know a thing or two about hard money, there are still plenty of reasons to attend. Participate in our "Bring Your Deal" segment, where attendees are allowed to present a deal to the entire house. Deals happen.

Network with investors, lenders, and vendors. Discover the advantages of becoming the bank, which allows you to dictate points and spreads yourself. Sound daunting? It's not. Sound liberating? It is.

So, be a big boy or girl and grow your business model up. See you in Florida!

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SELF-DIRECTED REAL ESTATE DEALS: IT'S ABOUT WHO YOU KNOW

Education is just one component of successful self-directed investing; the other is getting in front of the right people. Getting to know those you might do business with and learning from the experience of seasoned investors is paramount.

The Equity University Wealth Building Summit draws more than 500 investors from across the country; some of them experienced veterans, others relatively new to the concept. Many of these investors either have an investment in mind and are short on capital, or have capital but are not yet sure where to invest it.

The Summit offers a place for both types of investors to connect. Throughout the course of the weekend, there are several opportunities to connect with as many investors as possible. A popular conference mainstay, Speed Networking offers a speed dating-like setting, giving attendees the opportunity to meet dozens of new contacts in one sitting. The potential for new connections is multiplied, as this session is offered a few times throughout the weekend. The event also offers breaks in between education sessions and designated vendor display times to allow attendees to meet more investors and service providers to help them discover new opportunities and solutions for their investment needs.

SUMMIT WOWS BESTSELLING AUTHOR

Attendees have expressed that there is also a less tangible benefit of attending the conference. Once they leave the event, they're motivated like never before to take the vast amount of knowledge and take-home strategies that they gained and actually apply them.

The conference's 2013 keynote speaker echoes the attendees' sentiment.

"Last year I had the absolute pleasure of working with Equity Trust to deliver a keynote presentation to their 500-plus attendees," says financial expert and nine-time New York Times bestselling author David Bach. "The energy and enthusiasm of those that attended was simply incredible. You could really feel the sense of community at this event that Equity Trust has built over the years."

David was so impressed with the energy and the quality of the content that was presented; he did something he had never done before as a keynote speaker: he stayed for the entire conference, participating in sessions with all the other attendees and absorbing as much information as he could.

Registration for the Wealth Building Summit is currently open, and spots generally fill up quickly.

For more details and to register, visit www.equity-university.com/summit.

"We were extremely excited to have met him, and the only way we could have done that is because we were here." ❖

EQUITY UNIVERSITY WEALTH BUILDING SUMMIT

The event provides 30-plus hours of real estate and other alternative investment education and provides access to 500 other investors.

September 19-21, 2014
Omni Resort at ChampionsGate
Orlando, Florida
www.equity-university.com/summit

FirstKey Lending Offers Investors UNIQUE Options

by Tim Houghten

You Asked, They Listened: FirstKey Offering More Ways to Finance Your Investments.

In early 2013, New York-based FirstKey Lending was the first to step into a new financing space – making capital accessible to small- and medium-sized investors in one- to four-family residential rental properties nationwide.

The financial firm's Chief Executive Officer, Randy Reiff, says the firm purposefully positioned itself to "invigorate the small and middle markets" and to "empower smart, entrepreneurial investors to build and optimize their portfolios and businesses."

The financial backing of Cerberus Capital Management, L.P., one of the country's largest private investment firms, gave FirstKey the opportunity to hit the ground running while focusing its attention on developing the products its customers needed.

Following the successful introduction of its Portfolio Premier fixed- and floating-rate loan products for larger investors needing $4M to $500M in funding, FirstKey launched its Investor Portfolio Express loan product for investors seeking loans of $500,000 to $4 million. That product was developed to simplify the closing process and reduce cost when dealing with smaller transactions. "We're very excited about the market's response and the potential our Investor Portfolio Express product, through which we have been able to introduce a cost effective and simplified process by streamlining documentation and closing," Reiff said.

These Investor Portfolio Express loans offer investors reduced borrowing costs and a much more efficient process than was previously available to these owners so that they can buy additional one- to four-family properties, refinance their existing debt or cash out.

In recent weeks, the company has also begun to roll out two additional products to support entrepreneurial borrowers:

Investor Property Express is the first of its kind, offering individual loans of as little as $75,000 up to $1 million per individual residential property, depending on the number of units. What makes these

Continued on pg. 18

Randy Reiff, CEO of FirstKey Lending

FirstKey Lending has closed, or is in the process of closing, approximately $500,000,000 worth of loans, including the following representative transactions:

$842,000
23 properties located in PA

$1,659,000
41 properties located in TX, OH, GA

$9,750,000
85 properties located in CA

$18,500,000
340 properties located in FL, GA

$52,000,000
583 Properties located in GA, NC, TN, TX, MS

FirstKey Commercial Bridge Loan Features:

Loan Amounts: $1M to $25M
Rate Type: Floating
Loan Term: Up to 3-year
Property Type: Commercial (including office, retail, multi-family, industrial, self-storage and flagged hospitality assets)
Loan-to-Value: Up to 75%*

FirstKey Investor Portfolio Express Loan Features:

Loan Amounts: $500,000 to $4M
Rate Type: Fixed
Loan Term: 5- and 10-year
Property Type: 1- to 4- family residential including condos and townhouses
Loan-to-Value: Up to 75%
Amortization: 20 to 30 year
Interest rate: Competitive pricing

For more information, please contact Dennis Cisterna at: 619.743.8215

FIRSTKEY

FirstKey Lending – invested in your success.

Ready to grow your residential rental property portfolio?

You need a lender you can trust.

Backed by one of the world's leading investment management firms, FirstKey Lending, LLC offers innovative financing solutions from $1 million to $100 million, specifically designed to serve owners of multiple single-family rental home properties throughout the U.S.

Whether you own five properties and you're looking to free up cash to grow your portfolio or you own 5,000 properties and you're looking to refinance existing debt, FirstKey Lending provides the flexibility you need with the professional service you expect.

Here are just a few examples of indicative transactions:

$18,500,000 *340 properties located in FL, GA*	$28,000,000 *515 properties located in AZ, FL, GA*	$32,000,000 *450 properties located in FL, IN, MD, MN, NC, TX*	$10,500,000 *90 properties located in AZ*
$9,750,000 *85 properties located in CA*	$9,000,000 *157 properties located in SC, NC, GA, TN*	$5,000,000 *144 properties located in GA, IN, MI*	$1,734,000 *48 properties located in TX, OH, GA*
$1,659,000 *41 properties located in TX, OH, GA*	$2,900,000 *40 properties located in GA, OH, TX*	$23,300,000 *215 properties located in CA*	$6,785,000 *254 properties located in IN*

If you're looking for a lender that's invested in your success, call 1-855-299-1944 to speak with a FirstKey Lending expert today or email info@firstkeylending.com.

www.firstkeylending.com

EQUAL HOUSING LENDER

a finance partner, and they are increasingly migrating to mortgage lenders that are happily delivering it to them.

In addition to predictability in longer term financing, they are prioritizing simplicity, transparency, and integrity demonstrated via sustainable lending practices.

Considering the interest in its new loan programs that B2R Finance has been accumulating, they must be doing something right.

Pressed on what has been behind the success of B2R Finance, aside from the sheer availability of liquidity in a way it hasn't before, John Beacham points out what he feels has really helped the firm stand out on the lending landscape… This is innovation in developing a client-centric model, built to serve. At B2R that vision means; "Simplicity, Speed, Transparency and Cost Efficiency."

Easy to say, but how are those promises being evidenced in the loan application process?

For one, B2R Finance does not charge lender legal fees to its borrowers. Elsewhere those fees routinely add up to $25,000 in borrowing costs. B2R's loan document package is also shockingly brief, at around a lightweight 20 pages. Stack this up against the immense volumes of paper most normal homeowners go through to just finance one home, and the fact that B2R Finance clients are frequently borrowing $5M or more, across hundreds of homes, and there is no denying there is something different about

>

this lender.

Under Beacham's management the lender has financed, or has in process loans closing in 30 U.S. states. Not too shabby for a startup in a highly competitive industry, though billions in capital and an in-demand mortgage product has certainly helped. From application to funding the financial firm is routinely seeing closings happen in 30 to 45 days, with one recent notable deal funded in just 20 calendar days. This is virtually unheard of when it comes to financing multiple income properties simultaneously.

Exclusive Breaking News

During the exclusive interview, Beacham granted *Private Money411* readers the treat of being among the first to be introduced to a brand new buy to rent loan product being rolled out by B2R Finance.

Previous funding had been focused almost exclusively on assisting single family rental portfolio owners to access their pent up equity via refinancing. The newest addition to the lineup of options now provides real estate entrepreneurs and serious investors with credit facilities beginning at $10M to expand with new acquisitions, rehab properties as needed and get them performing. In addition to funds to buy, and renovate, B2R Finance also aids clients in establishing a capital expenditures reserve account for negating any future maintenance surprises.

This clearly opens up many new doors for investors seeking to fully capitalize on the current opportunities at hand, and should empower them to navigate the market swiftly, profitably, and with confidence. ❖

Unique Options for Investors, pg. 14

loans unique is that they are secured against single properties. Reiff described the new loan program as "a natural expansion" of the company's efforts to serve all types of single-family rental property investors.

Under the program, FirstKey does not place any limits on the number of properties a borrower may own that are financed by other lenders. That contrasts sharply with limits imposed by Fannie Mae and Freddie Mac, which allow borrowers to hold a maximum of 10 and four financed one- to four-family properties, respectively. The Investor Property Express loans are a 30-year, fixed rate product and require a minimum credit score of 620.

FirstKey Commercial offers customized bridge loans from $1 million to $25 million for use in purchasing, refinancing or repositioning commercial properties such as office, retail, multi-family, industrial, self-storage and flagged hospitality properties.

Reiff said that FirstKey has seen strong demand for its products and only expects that demand to increase. "Our business is accelerating as more and more customers – most of whom have historically had only limited access to these types of financing – are exposed to the variety of products FirstKey offers," Reiff noted. "The majority of our target investors in the one- to four-family rental finance market have historically been unable to avail themselves of affordable financing. We're very excited to see that number grow as that market continues to expand."

Reiff continued, "There's been a lot of focus recently on the very large investors in the one- to four-family residential rental properties, but it's important to remember that the largest segment of this market is represented by the more entrepreneurial owners who may have as few as 10 properties or less. These owners typically have strong ties to their communities and are looking to grow their portfolios in a disciplined fashion over time. They haven't had access to the financing they need to grow, and we're here to make sure that they can develop their portfolios."

FirstKey couldn't have had better timing in coming to market with a lineup of new mortgage loan products aimed at the small and middle market.

Looking to fill the void in affordable investment housing financing, FirstKey has provided the fuel for real estate investors to make it happen.

In addition to the successful launch of the Investor Property Express and Investor Portfolio Express loan products, FirstKey continues to be the market leader in its Portfolio Premier loan products that are geared toward larger investors as well.

Ingenious Loans for Smart Investors...

FirstKey clearly offers some progressive financing solutions, positioning the lender as the vanguard of the new mortgage capital landscape.

Still, Reiff says innovation is in the blood of FirstKey, which is committed to constantly optimizing its current product and creating new programs to meet the needs of its customers. "Entrepreneurial borrowers value flexibility, whether they own one property or 5,000," he said. "We are proud to be a market leader in tailoring products to their unique needs. We recognize the importance of excellent service and are highly focused on delivering just that. It's not enough to simply offer debt solutions. We also need to ensure that our customers are comfortable with the process and can choose a product that is best suited to their needs."

Surely there will be more to come.

Want to know what FirstKey can do for you? Check them out online, or, Reiff suggests, "Bring us your portfolio, and let us help evaluate your options." ❖

Two NEW Rehab Loan Programs, pg. 7

- Properties with inspection issues

- Single and small multifamily properties with Stop Work Notices and permit issues

ZINC Financial can lend on properties that other companies simply can't.

In fact, Pigott says when it comes to approving loans "the more distressed the better," and "if it has a floor, roof, and some wood in between we'll finance it!"

Some might see this as taking on risk, ZINC Financial sees this as providing a desperately needed, high-value service for both investors, and the communities their investor clients are operating in. Additionally, Todd Pigott explains where there is real distress, investors are adding real value, and are not artificially pumping up the market. This means both sustainable lending, and sustainable investing, as well as solid home price growth.

HOW TO INK YOUR NEXT DEAL WITH ZINC

Find out more about the Velocity and Buy and Hold Rehab Loan Programs online: http://www.ZINCfinancial.net or call directly: (559) 326-2509. *Broker submissions are also welcome.*

ZINC FINANCIAL, LLC

Join Us to Celebrate Our NEW Issues
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October 4th & 5th - 9 am to 5 pm

TEXAS - Rio Grande Valley Real Estate Expo
Our network purchased over $5M in real estate.
September 27th - 9 am to 5 pm

NEW YORK - NYC Real Estate Expo Part II
Our 2nd Real Estate Expo in NYC this year.
October 25th & 26th- Starts at 9 am - 2 Days!

Visit Realty411Guide.com/events for details.

For information, call: 805.693.1497

all the work all by your self is far over rated.

Linda: Some readers cannot make it to your next presentation. How can they get further information?
Steve: They can call our Chief Investment Officer, Susan Knight. Susan will spend a few minutes to share the overall project and then determine if you qualify for a personal interview with me. She can be reached at 801 949-0962.

Linda: Do you have something special for my valued subscribers and readers?
Steve: Absolutely. They can download a free copy of The Miracle of Wealth that will forever change the way they invest. They can go to: miracleofwealth.net and download right now!

Linda: Before I wrap it up, I have to ask the tough question in back of everyone's mind: What is it that best qualifies you to coach real estate investors when the marketplace is already crowded with real estate gurus and coaches?
Steve: What best qualifies me is that I do what I teach Monday through Friday almost every week of the year and then I love to teach what I do on weekends. Linda, as you know, I give away most of my education materials.

Linda: In contrast, many so-called real estate gurus make most of their money selling their seminars, books and audio programs. So, what is it that you offer? Or more simply stated, what's the catch?
Steve: That's a fair question. I teach a philosophy I've developed called The Miracle of Wealth. But what's most unique is that I apply The Miracle of Wealth philosophy to real estate. Also, I may invite a certain number of accredited investors to participate with me in the transactions that I structure.

Linda: How can REIA directors get more information about you and book you as a speaker?
Steve: REIA clubs and directors can book me for a webinar or seminar through Scott Moyes, President of the WARIA (Wasatch Area Real Estate Investment Association). He can be reached at 801 688-2255.

Linda: Thanks for your time, Steve. ❖

OC REIA Nourishes Investors in Orange County

By Stephanie B. Mojica

Take Control of Your Retirement, Start Living [Stress Free & Tax Free]

Americans face a multi-trillion dollar gap between what they've got, and what they need to retire.

Worrying about finances in retirement can almost be as bad for the health as not thinking about it enough. Both extremes often come from the misconception that retirement account savings, and performance, are out of their direct control.

Kaaren Hall, President of the Orange County Real Estate Investors Association, has found a way to take control of future financial needs, and start enjoying life now. And she's doing it tax free!

So what investment tools is Kaaren using that make her so confident in her financial security, and how can more individuals get their hands on them?

KAAREN HALL WANTS TO TRADE BUSINESS CARDS WITH YOU

In fact, she has a whole group of people that want to help you…

A little short of 2 years ago Kaaren received a call from the NRIEA (National Real Estate Investors Association). They eagerly wanted Ms. Hall to head up an Orange County, CA chapter of the organization. She wasn't so sure she wanted the extra workload at the time.

Attending a following NRIEA meeting, it was announced on stage that the new President of the OC REIA chapter had been selected, and was in the room. It was Kaaren. Who could turn down that opportunity?

Now the regular area investor meetings are a lively gathering of new to fabled veteran investors alike. Those that have attended will have discovered highly profitable networking, and live deal making in progress, with great speakers offering insightful education sandwiched in the middle.

Asked how she justifies the ROI on time in offline contact in this new digital age Kaaren insists "You can't replace in person interaction," and "while we're big on Facebook and LinkedIn, there is no substitute for connecting in real life."

The OC REIA President describes the association's events as "a great place for those with money, seeking deals, and those with deals, seeking money, as well as a source for quality referrals." In a nutshell – "It's a growing community eager to share and help each other be successful."

Kaaren's Top Tip on MAXIMIZING Networking ROI

"Bring your business cards, and more importantly have a goal, and bring questions." If you come focused on solving something, and have specific questions, you'll successfully find solutions.

THE SECRET TO SLEEPING WELL (AND RETIRING BETTER)

So what is Kaaren's secret to being so calm about retirement, and being able to enjoy life more, right now?

Most OC California real estate pros are probably already aware of Hall's real passion; Self-Directed IRAs. These nifty little investment vehicles are why Kaaren isn't sweating retirement, and are what enables her to live in the moment, with confidence.

For those not yet familiar with the incredible tax minimizing, return maximizing power of self-directed retirement accounts, Kaaren sums them up as being the "ultimate tool for taking control of your retirement finances."

What keeps most awake at night is fearing they can't save enough to stack up a sufficient nest egg, or that they have virtually no control of how money managers will play their retirement funds in the market. Self-directed IRAs and 401k plans change all that.

They also offer tax deferred, and tax free investing and portfolio growth. All without having to be overly creative, mastermind complex networks of offshore shelters and secret accounts, or break the law, and get on the IRS' hit list.

UDIRECTIRA.COM

Kaaren Hall's first passion (besides her family), and what led to the NREIA seeking her out to be their president, is helping others take control of their retirement finances.

As the founder of uDirect IRA Services, which provides self-directed IRA setup and services Kaaren has been living out this mission. uDirect's account-holders have over $200M in assets.

The 411 on Getting Started with Self-Directed Retirement Accounts:

Even those just starting out can build wealth quickly making micro-loans within IRAs

In addition to rentals and flipping houses, investors can invest in mortgage debt, raw land, and units of syndications through their self-directed retirement plans

Allow a couple of weeks for rolling over, or setting up your new IRA

Investors must use third party 'custodians' or 'administrators' to execute their investments, and maintain tax benefits

Use self-directed IRAs to invest in what's best for you

It doesn't require a mathematical genius to deduce that benefiting from tax deferred and tax free investment returns and growth can deliver double digit plus perks, versus those forking out a major slice of the pie to the tax man each year.

While each investor's results will be different, Kaaren told Realty 411 Magazine that one of her most heartwarming client success stories recently was a lady that got started with just $3k in a self-directed Roth IRA. Investing just a portion of this startup retirement fund in a real estate option quickly returned her $20,000. This is the beginning of a rapidly growing nest egg that will grow tax free for life!

Find out more about self-directed IRAs and get your hands on your complimentary copy of '8 Best-Kept Secrets About Investing With Your IRA' at www.uDirectIRA.com, or get along to the next Orange County Real Estate Investors Association Meet Up.

To learn more about OC REIA viait: cwww.ocreia.com

Think You Will Never Be Sued? THINK AGAIN!

By Randy Hughes
aka Mr. Land Trust

Some people are interested in living a quiet life unobstructed by others. They have few assets and just want to be left alone by the "sharks" in the world. Receiving a phone call during the dinner hour soliciting magazines is considered an invasion of their privacy.

Other people have substantial assets to protect. They own businesses, investment property, live in nice houses, have teenagers that drive, drive expensive cars and hire employees.

Most of the time when you think about asset protection you can't exclude privacy issues. While becoming more private is relatively easy, protecting your assets is not. In fact, if your goal is to protect your assets, you MUST become more private. In this article I am going to discuss both Privacy and Asset Protection as if they were one in the same. It is my opinion that you should integrate privacy and asset protection techniques into your daily life in order to be more successful at living free.

STILL THINK YOU WILL NOT GET SUED?

A family sues the Weather Channel for not forecasting the storm during which a family member on a fishing trip drowned.

A man sues six bars and liquor stores and the electricity company because of injuries he sustained when, while drunk, he climbed over a fence with a locked gate and scaled an electrical tower.

A burglar sued the store he broke into (and won a judgment) because he fell through the suspended ceiling while breaking in, and injured himself.

The owner of a company settled a slip and fall claim from one of his employees. The next week he was sued by 11 other employees who happened to "slip and fall."

A wealthy doctor was sued by his girlfriend because she developed a cold sore on her lips after going out on a date with him. He settled for $50,000 and immediately began implementing an asset protection plan.

A fireman brings suit against an investor for knee injuries brought upon him when kicking the door down to respond to a fire alarm call to the fire department.

A woman brings a liability suit against an emergency room doctor, alleging while the doctor was using a tongue depressor to examine the back of her throat, that he stuck his tongue into her mouth. The complaint actually read as such.

Recently the New York Times ran an article entitled, "Lawyers Who Sue to Settle." The article pointed out that there is a sub-species of lawyer that exists solely to "blanket the business world with hundreds of lawsuits at a time, often making claims that appear fanciful, even absurd." These lawyers make their money on settling cases prior to trial (cases that they never intended to go to trial), paid by defendants that want to make the lawsuit "just go away."

These lawyers call themselves, "bounty hunters." One interviewed lawyer said that it is his "job to go out there and hunt these people down."

One critical part of a defense system is to buy the proper liability and property insurance.

It is better to have more coverage than needed. A little tip as well --- the broader the contract language in your insurance policy the BETTER position you are in at time of interpretation. The courts are typically more in favor of the insured's position rather than the insurance company if the

language is ambiguous. Better safe than sorry, right!

MORE INSURANCE TIPS TO REMEMBER

1) If insuring property make sure all buildings are listed. Don't forget to list the shed or out building on the property.

2) If buying liability coverage, make sure the wording is from a Commercial General Liability policy form (provided in most states by the INSURANCE SERVICE OFFICE general forms). You don't want a PREMISES LIABILITY policy or form of coverage provided by an Excess & Surplus Lines class of insurance company.

Now that you have all the insurance that you can afford, realize that this is NOT enough to protect you and allow you to sleep well at night. Insurance policies are full of "exclusions" (read: you have NO coverage). And, once your Limits of Coverage are exceeded, your insurance company will bow out of your claims. You will be on your own to defend yourself in court and pay any judgment above your insurance policy limits (assuming you even have coverage).

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America's TOP ATTORNEY on Combating Realty Fraud

Real estate fraud is alive and kicking. Many industry experts anticipate real estate scams and legal issues to escalate in tandem with the new housing boom in the U.S.

So how can investors at all levels enjoy sustainable investing, fend off risks of fraud, and better fulfill their goals of solving the issues they care about the most?

THE EMERGING FRAUD BOOM

Median existing home prices rose 11.5% last year, according to the latest data from the National Association of Realtors. NAR forecasts the median price of a new home will hit $289,700 by 2015. Based upon global, historical housing cycles, the new U.S. housing boom phase should last another 7 to 15 years. As the momentum grows during these periods, more and more Realtors get their licenses, lenders have to work harder to compete for business, and an increasing number of individuals scale up their investments in real estate. Unfortunately, this often goes hand in hand with opportunists seeking to take advantage of the market, resulting in the rise of real estate and mortgage fraud. Sadly, barely a day seems to go by without another real estate mogul or industry worker being indicted or sentenced for their part in these scams.

Hop onto the most popular online real estate investment forums and a festering pool of potential fraud can be found. Here new investors looking for short cuts are often mislead by poor information, and others boast about how they fooled the banks and got away with it. At the same time, the surge in new real estate crowdfunding portals is set to make navigating the investment industry even more complex.

So how can real estate investors avoid being victimized by scammers, become unwittingly involved in fraudulent practices, and prevent temptation? What should they do if they feel something isn't right?

LEDGERS, LAWYERS & LIQUIDITY

Who better to ask about legal protections from real estate fraud than America's top legal eagle? The Boesch Law Group in Los

Continued on pg. 82

Angeles, CA has been ranked one of the top 2% of law firms in the nation. The Boesch Law Group, and founder, Philip W. Boesch Jr. have been involved in landmark cases including the Michael Jackson wrongful death case. He won the "Number 1 Judgment in the Nation", in the Anna Nicole Smith case, and he and his firm have achieved unmatched success in business and commercial litigation. The firm has successfully handled many challenging and complex real estate problems.

In an exclusive interview, Philip Boesch pointed to "underperforming assets" as the #1 underlying issue in many of the legal cases being brought to the firm.

Boesch explained further that "under-performing assets, combined with poor liquidity and poor expectations" are frequently the root cause of cases where fraud is alleged. When expectations aren't met, and promises aren't delivered on, many pursue unsustainable short cuts. These short cuts put many on the fast track to nowhere but the court room.

When asked what the single best defense to avoid the temptation of committing fraud or becoming victim to it was, Philip pointed out the value of an "experienced team for vetting plans and reviewing prospectuses, up front".

This goes beyond just an experienced real estate and business attorney, to include tax advisors, financial planners and wealth managers or business consultants too. Having multiple sets of veteran eyes review and evaluate the strengths of a business plan or financial projections can help identify and avoid potential cash flow challenges and alert individuals to options which could increase the potential of success.

"under-performing assets, combined with poor liquidity and poor expectations" are frequently the root cause of cases where fraud is alleged."

On the most important first steps to take for those believing they may be victims of fraud, Philip Boesch recommends exercising rights to "review books and records" including the "general ledger and any available accounting software downloads such as from Quickbooks."

Many real estate project and investment opportunity promoters and organizers may not want this information on

Continued on pg. 110

When Is the BEST TIME to Buy Deals?

By Marco Santerrelli, CEO of Norada Real Estate Investments

A lot of people ask me, "When should I buy? What part of the real estate cycle should I buy in? Should I buy in a down market? Are the values going to keep going up/down? When should I buy and where is the cycle right now?"

Copyright: Shawn Hempel / 123RF Stock Photo

But these are the wrong questions to ask – it's not "WHEN should I buy?" It's "WHAT and WHERE should I buy?" In other words, you should always be buying NOW.

There is always a place, somewhere in the country that is either appreciating in value or is an undervalued market. And the reasons may be local economics; it may be demographics, or it may be related to its location. Maybe it's because the population is growing in those areas, or maybe it's in a town where a large industry is moving in. For example, there are markets (like North Dakota or the Eagle Ford shale in south Texas) where a large number of oil companies are expanding, creating a large number of new jobs which creates a need and demand for more housing (purchase and rentals).

Those are just a few things to look for in a good market.

But one of the most important things to look at in an investment property is its income. This is measured by looking at the property's net cash-flow, but a quick way to do that is to look at the Rent-to-Value Ratio (or R/V ratio for short).

You want to find the biggest possible ratio you can find. That means you want to look for areas with lower prices and higher rents. There are areas where you can find low prices, and there are areas where you can find high rents, but there are usually only a FEW areas where you can find BOTH low prices and high rents. Those are the areas to take a closer look at.

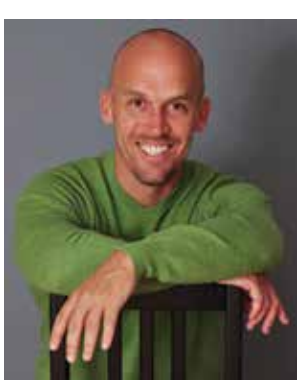
Generally, you'll want an R/V ratio of 1.0% or more. You can still purchase property with a ratio as low as 0.7% and generate positive cash-flow, but it's best to find an R/V ratio of at least 1.0%.

Look for property you can purchase either under market value and/or that will produce the highest cash-flow return on your investment. If I have to choose between cash-flow and equity when buying passive real estate investments, I recommend going for cash-flow. If you start off with good cash-flow, those profits can often outstrip the equity build up — and do it in a few short years. (Of course, this will vary between markets and market cycles.)

It is possible to find property that will provide you both if you know where to look. Remember that markets are never static, and change slowly enough that you can identify them with a little effort.

Continued on pg. 91

The Market Has SHIFTED! Have You?


Matt Theriault

Today's real estate market is markedly different than it has been in the past few years. Have you noticed? We've moved from an analytical & sterile market (more on that in a bit) to a market where the skill, speed, and adaptability of the investor will be the baseline for success.

Markets shift; they always have, they always will, but the determining factor for prospering through a modified market is always the readiness of the investor to respond (not react) to each shift. With every change comes new opportunity, but you have to know where to look and how to modify your strategy.

For the last few years, we've been able to take advantage of an analytical and sterile investment environment. Remember the days when all you needed to do to find a deal was belly up to the MLS, the courthouse steps, or any number of online distressed property aggregators and analyze properties that were lying in wait, like ducks on a pond, ready for the taking? And boy did we take them. A monopoly game never moved so fast.

We bought as many as we could, and within minutes resold them for quick (and hefty) profits. It was a feast – Dionysus style – and there was plenty to go around. Not since the Great Depression had investors been blessed with so much opportunity. Investing in that environment meant that your "skills" could be virtually abandoned. It didn't take much artistry to create a solid income from flipping houses. On the acquisition side it was a numbers game, and on the disposition side it was as well. The cut and dry numbers is what made the market analytical. It was sterile because the sellers of properties were typically faceless entities, most often banks.

Today's landscape, however, is much changed. MLS and bank inventory remains low. Previously distressed homeowners are suddenly finding themselves above water again. Online investing

strategies that produced like virtual cash machines (cha-ching) are quickly waning in their effectiveness (uh-oh).

The market is indeed shifting, and is quickly leaving those "analytics driven" investors behind. If you intend to survive as this market continues its metamorphosis, you'll need to sharpen your ingenuity and get back to the basics of driving a marketing and sales based organization. You'll need to not only analyze leads, but create and close them. Your skills will be required to stretch far beyond running numbers and making faceless offers. Real estate is, and always has been to varying degrees, a people business. Well the people are becoming the focus, and not the byproduct.

The good news is, the "first adopters" could come out on the other side more prosperous than before. The bad news (for those resting fat upon their laurels) is, in order to prosper in this shifting and emerging market you're going to have to work. You're going to have to work hard, and you'll have to be very good at your work.

However, there is a silver lining. The media hasn't picked up on this shift yet. So, it's very fair to say that the general public hasn't either. Now, if you're starting to piece together the big picture, you'll recognize that there is a huge insider's opportunity here.

Here's what I mean…

A small number of discerning, perceptive and very successful investors that I have the privilege to associate with on a regular basis have confirmed my observations. SHIFT is indeed happening. You didn't think I'd lead you astray on that point, did you? Of course not!

So, do you think these rather (very) successful investors are planning to cease all investing and wait for the next cycle of low hanging fruit? Absolutely not! Quite the opposite, because we, and they, know when one door closes, another one opens – and open it has.

As the quick-flipping type transactions slow down, these investors are now looking to allocate the money they've made over this past foreclosure boom into cash flow properties. Cash flowing properties are today's gold mine. These investors are moving fast, too. They're moving fast to beat the dropping cap rates. But with over 3,000 counties in the United States, you don't think they're just pulling out a map, plunking down a finger, and investing willy-nilly do you? Of course not! These are savvy investors; they've got a plan.

So, where are they going?

Since I thought you might want to know, I had my team over at Cash Flow Savvy put together a free report for you, The Top 10 Cash Flow Markets of the Emerging Economy. You can access it gratis by going to TopTenCashFlowMarkets.com.

However, before you skip off to download your copy, I have another piece of good news for you - you'll want to make note of this.

We're also (thankfully) shifting out of a market where the big has routinely beat up on the small. It's been tough on the little guy, I know it. The bigger investor, the institutional investor, has had an unfair advantage for the last several years. Well, as they say, what goes around comes around, and here's what I mean by THAT. This new market is one where the fast will beat the slow, REGARDLESS of the investor's size. Hail to the little guy, we've got a fighting chance. Because the little guy has the ability to move fast, faster than the big guy, the little guys have an opportunity they haven't had in years. And, if the little guy moves fast enough, he's not only got a chance, he's got an unfair advantage. The faster he moves, the greater his advantage becomes.

The ability to move and change directions quickly and efficiently is one point where the big guys will always be at a disadvantage. Those hulking institutional investors are positively sloth-like when it comes to the speed in which they can respond to change.

The market is indeed shifting, and is quickly leaving those "analytics driven" investors behind.

You, the little guy who's willing to put rubber to road, you've got a shot - one that you haven't had in a while. You've got an opportunity; we've got an opportunity.

It's in your hands now. So, will you sit and wait, or will you step up and grab it?

❖

Matt Theriault is the founder of Cash Flow Savvy – helping investors like you move quickly in a changing market by providing access to his existing team and resources to assist you in acquiring Cash Flow properties with BUILT-IN equity all across the country. As promised, get your free report that reveals The Top Ten Cash Flow Markets of the Emerging Economy by visiting TopTenCashFlowMarkets.com

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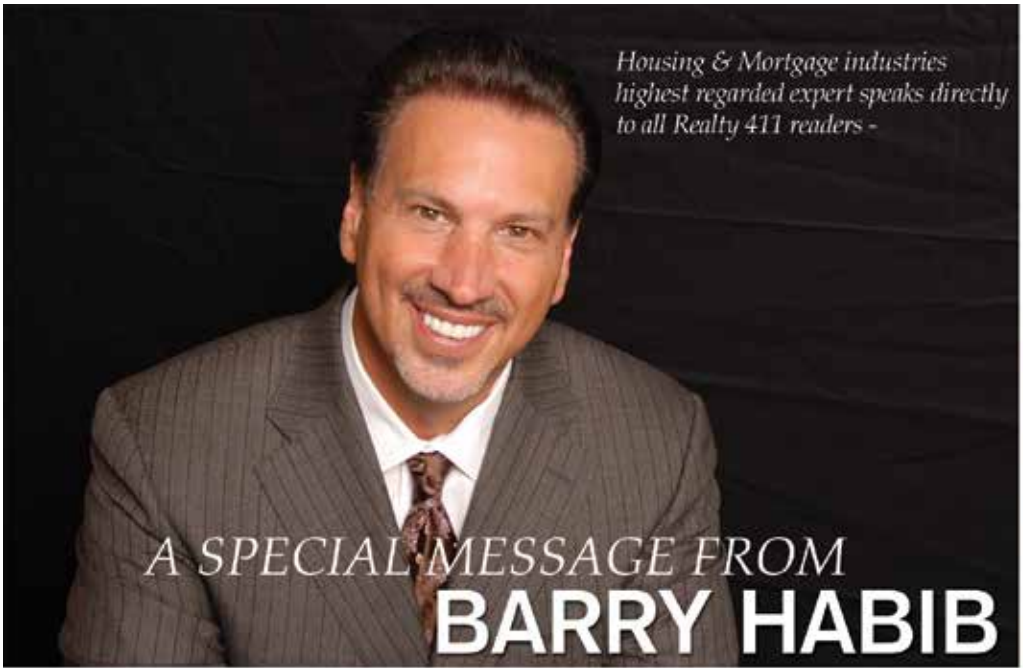

Barry Has Regularly Appeared On

CNBC

FOX BUSINESS

SQUAWK BOX

Housing Outlook for 2nd Half 2014

The mainstream media always seems to have a negative bias on housing. Let's remember that the media needs eyeballs to generate revenue, and nothing grabs more eyeballs than negative news that creates fear. Just think about your 11 O'clock news report. But the news on housing remains positive. After we accurately called the bottom of the housing market during my CNBC appearances in 2010, prices have continued higher. So where do we see things going for the rest of 2014? Let's take a deeper look…

Demographics remain strong as household formations continue to outpace household completions. A household formation is when an individual leaves their parents to obtain their own residence, or when a couple gets divorced and now requires two homes instead of one. A completion is when a builder constructs a new home. Essentially this is the supply vs. demand equation for housing. It has been a very reliable indicator for the direction of home prices throughout history. The forecast for the remainder of 2014 and through the next two years shows that household formations should outpace completions. Meaning that demand will outpace supply. This suggests that prices will continue to be supported.

The media often confuses the housing market impact on the economy with the investment opportunity in housing. There is no doubt that the pace of home sales, relative to years past, has slowed. This is predominately due to tighter mortgage qualifying guidelines and an overall shift in home ownership rates. About 7 years ago, the home ownership rate was 70%, while 30% rented. Today, the split is 65% for homeowners and 35% renters. This is closer to a more normalized level. The important point is that the decline back to a more normal level has already occurred, which allows for a more stable return to historical appreciation levels. And looking at housing as an investment, the opportunity remains very strong. We don't expect the double-digit rates of appreciation that we had seen during the past couple of years, but we do expect a more modest, sustainable, and healthier level near 5% per year.

Rental demand remains very strong. Many of the new households being formed have elected to rent. This has put upward pressure on the cost of renting. Over time, the added cost of rents makes homeownership more attractive and easier to justify. Clearly, real estate is a very local industry. Certain markets will dramatically outperform or underperform the national averages. But one common theme will be employment. The overall job market has been improving and appears to be gaining momentum. Those filing for first time unemployment benefits have dropped to levels not seen in 8 years. Again, the job market supports a healthy housing market. As discussed, we are forecasting a 5% rate of appreciation for the overall housing market for the next year. While 5% may not appear to be exciting, in reality, it is extremely robust due to leverage used in a real estate transaction. For example: Imagine a $100k home with a 20% or $20,000 down payment. If that home appreciated by 5% or $5,000, the $5,000 gain on the $20,000 investment (down payment) equals a 25% return on your money. So, even a modest 5% rate of appreciation can be very meaningful to your portfolio.

It's easy for the media to make negative remarks towards the housing market. But the media is typically on the wrong side of most market moves. On October 2nd of 2002, the USA Today headline read, "Where's the Bottom? No End in Sight". This represented the exact bottom and turning point in Stock prices, which led to a 5-year bull run. And back on March 9th of 2009, with the Dow Industrial Average just above 6500, the Wall St. Journal headline read "Dow 5000?" You guessed it - this was the exact bottom and turning point into the current bull market for Stocks. The demographics and economic conditions suggest that this is still a great time to purchase a home. ❖

How to Make TAX LEINS Actually Work

Discover how Chris Gleason, Managing Director of MMG Capital, purchases tax leins the right way.

Most real estate investors have heard about Tax Lien Investing at some point during their investing career. Whether it was from an information-selling guru, a late night infomercial, or from a friend that actually does invest in tax liens, the concept is generally understood. When you bid on and buy a tax lien you're not buying real estate. Rather, you're buying the right to collect a property owner's debt that is the result of property taxes going unpaid. You also receive the right to enforce that payment after a statutory period of time has passed.

For the sake of this article, we're not going to beat that dead horse and talk about what Tax Lien Investing is. Let's go ahead and presume that you already know what Tax Liens are and that you also believe that they're one of the best (if not THE best) vehicles for investors that want to earn passive income in a conservative, secured environment. If for some reason you don't believe that then this article probably won't be relevant to you. The purpose of this exploration of Tax Liens is to expand on this great investment vehicle and examine the most important elements for determining Tax Lien Investing success. Plenty of investors attempt to invest in Tax Liens but struggle to figure out exactly how to make these assets work for them. What follows is a short list of some of the traits and resources of the most successful Tax Lien investing businesses across the country. Most often, investors that struggle with Tax Lien Investing lack one or all of these:

MUSCLE

The tax lien marketplace is a highly competitive one, but also an opportunistic one if you know what you're doing. Every investor bidding at an auction has a different set of resources, expertise and circumstances. Investors with less in the resource category than other competitors will, more often than not, get pushed around. This can mean not being able to purchase certain liens because other investors are snatching them up or being forced to accept a much lower interest rate than you had anticipated in order to purchase certain liens. It also helps to achieve what economists refer to as "economies of scale." Basically, this

Continued on pg. 95

WE MADE IT HAPPEN!

2 Deals = $75K Profit

How the Gooden Brothers Got Their Start in REI

True Financial Freedom is what drives most investors. The desire for monetary success is certainly what drove the Gooden brothers out of the 9-to-5 grind. About a year ago, Eric Gooden worked as a marketing director for a hard money lending company in Los Angeles, but he aspired to do much, much more. Gooden followed his desire to start his own real estate investment business. He formed GoodEnvestors, a self-described "real estate solutions company," with his two brothers, and they have already closed their first deal and are already approaching the finish line on their second in lightening-fast speed.

With an eye toward helping sellers through what can be difficult times, such as a foreclosure, a forced sale due to the loss of a loved one, sitting on a tough sell due to a stalled market, etc., GoodEnvestors walk their clients through the entire process with a sensitive approach that makes them truly stand out…..Drawing upon different skill sets - Eric's background as a marketing director, one of his brothers is a broker and the other is a general contractor - GoodEnvestors live by the idea that "teamwork makes the dream work." For GoodEnvestors, this mantra that teamwork rules the roost clearly proves true.

GoodEnvestors clearly believes in good, solid education. Before founding GoodEnvestors, Eric and his brothers devoured every real estate resource that presented itself to them. According to Gooden, he and his brothers "plugged in to different information, different events, to *Reality411* . . . We got the information, we started going to different workshops, to different seminars, and plugged in with Anthony Patrick and Duncan Wierman. We are just plugging in and soaking up as much information as possible so that we can make intelligent moves."

> ***GoodEnvestors clearly believes in good, solid education. Before founding GoodEnvestors, Eric and his brothers devoured every real estate resource that presented itself to them.***

Eric highly recommends the merits of self education and praises the book *Think and Grow Rich*. He advocates, "Read that book, follow it to the end. Every successful millionaire, every successful business person I know has that book in their library . . . focus on what you want, be determined and never give up. If you want to be unstoppable, never stop."

The Gooden's willingness to learn and make intelligent decisions helped them start off on firm ground. As Eric says, "when starting your business, I highly would suggest putting together a business plan. We decided to put something of a business plan together before we started the business, so we could clearly know what we were doing, what was going to be our focus and what we were going to be focusing on. So we put it together. . . and we went ahead and made it happen." That burning desire to "make it happen" and their extreme focus led the brothers to do what they call 'Driving for Dollars' and to land, as a result of this, their first transaction.

Eric states, "Teamwork definitely makes the dream work". For these ambitious brothers, this mantra certainly rings true. Pooling their skills and resources, the Goodens were able to make magic a

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7 KEY Ingredients FOR SUCCESSFULLY Trading for a Living

By Chief Trader Bruce E. Dinger

Trading in the stock market can be challenging if you do not have a clear roadmap and recipe for success. The purpose of this article is to provide some key structure in selecting your investments or trades. Follow this process and your chances for finding high-probability successful trades are likely to increase.

1. INDUSTRY GROUP

The most common mistake that investors make is looking at an individual stock without reviewing the industry group's performance. It is key that investors start their due diligence by examining the performance and trend of the overall industry group. Savvy investors understand the importance of a "top-down" analysis approach and know that old saying "a rising tide lifts all boats". So if you truly want to increase your chances for success in the stock market, start with the attraction or trend of the industry group before identifying any individual stock.

Industry or sector analysis is very similar to a real estate investor purchasing a property. The real estate investor first focuses on the surrounding neighbor because they know the importance of associated properties and how they will have an impact on the valuation of their identified property. Trading and investing in the stock market is very similar. If you develop the habit of checking the surrounding "neighbor", understand the attraction or valuation of those related properties; you will increase your chances for successful investment selection.

2. FUNDAMENTALS

The 2nd thing you need to do BEFORE you think about pulling the trigger and placing that trade is to check under the hood, what is better known as the "fundamentals". Many investors think they need a degree in finance, but even a simple look at the company's basic fundamentals will give you a sense for the strength and viability of their business.

Key Fundamentals
Here are some key trends to note and compare to the company's closest competitors.

Revenue
Net Income
Profit Margin
Return on Equity

3. TRENDS OF INTEREST

Critically important is to look for trends of interest. This means starting with the "footprints of the elephants" and noting if the big investors are putting their money on the line with your stock of choice. While the investment from a big money manager is no guarantee that your stock is going to do well, it does increase the probability. Another trend to watch for is "insider buying". There are many reasons that executives of a company sell their shares, but there is usually one main reason that they buy shares of their company – they believe it is undervalued.

It is also important to note global trends for the company's supply and demand of their products and services. Successful investors and traders understand the importance of noting trends and classifying them as "cold, warm, hot, and explosive". Yes, analyzing global trends does take time and a commitment to serious due diligence, but the payoff can be HUGE.

Finally, under "trends of interest", an investor should focus on the leadership of the selected company. Determine if the executive team are seen as visionaries, great business leaders, or underperformers. If they have major followers, chances are great that the stock valuation has solid upside potential.

4. ANALYSTS

Many investors dismiss analyst ratings but this is a mistake. After doing your above

due diligence and your findings support a high-probability rocket ship stock, but then you notice that the consensus amongst the analysts is a "hold"…this could be the set-up for a future catalyst. How, you might ask? If everything else is equal and your findings support a good buy, and then later the analysts begin to revise their ratings from a "hold" to a "buy", this typically serves as a catalyst to help catapult your stock's valuation to new heights.

5. Earnings and Conference Calls

There is much that you can learn by listening to the company's conference call. You will find out not only the company's outlook and possible concerns, but you will also uncover what is important to the analysts. The questions being asked could signal a trend of what the analysts are seeking and provide insight to you as an investor of what is really important. Listen to how the executives handle the questions….are the questions handled with confidence? Are there other companies in that group that perhaps have a better foothold on the trend of interest to investors and analysts? Listening to the earnings call or reading the transcript is key in this process of becoming a successful investor or trader.

6. Technical Analysis

After all due diligence has been completed, one of the true barometers of the market's interest in a stock is "Price Action". The supply and demand of a company is ultimately reflected in the price. An investor or trader of the market must learn how to recognize KPPs (key pivot points) that reflect the emotional patterns of market participants. As you become more familiar with the price action, price patterns, support and resistance areas, and other technical aspects of chart reading, your ability to effectively manage your risk and identify low risk/high reward opportunities will increase.

Regardless of whether you are a short-term trader or long-term investor, to effectively recognize price patterns and distinguish between 'major' and 'minor' reflection points of supply and demand, it is important to use multiple time frame analysis. This means viewing a chart from not only a standard one-year time frame, but looking at all major time frames including a 20-year, 10-year, 5-year, and 3-months, and various intra-day charts.

Viewing a chart utilizing multiple time frames will ensure that you gain a better understanding of key pivot points and the major and minor waves of a chart. This helps you to make better decisions on both your entry and exits.

7. THE PLAN

One of your finals steps before placing the trade is to plan your entry, your exit, and the strategy you intend to utilize that will not only help increase your probability for success, but also eliminate as much of the risk as possible. Architecting a trade with the idea of reducing your exposure and providing the highest reward is the true sign of a Master Trader.

Follow the 7-steps outlined above and you should see a higher degree of success in the market and come closer to your pursuit of trading for a living. ❖

About Bruce E. Dinger
Chief Trader Bruce E. Dinger, CEO and Chief Trader of TNT Trading the Stock Market, formed The Naked Traders with the concept of teaching other independent traders how to "strip themselves of all emotion" when they trade or invest in the stock market.Mr. Dinger has spoken on some of the largest stages around the globe, including CNBC, BusinessWeek, SuccessMagazine, The Women's Financial Conference, Rich Dad's, On-Line Trading Academy, Success Resources, and many others. He has one of the best reputations in the financial markets for helping students achieve their goal of becoming an independent trader or investor.
Mr. Dinger can be reached at:
info@TheNakedTraders.com

is definitely of the essence. They say it's all about location, location, location where investing and learning is all about timing, timing, timing…" Their first deal, "Driving for Dollars", meant finding a motivated seller left with an estate they wanted to unload. That's where the Gooden brothers stepped in. Though the sellers originally wanted $220,000, the Goodens, using their joint skills, were able to talk the sellers down to a more reasonable selling point of $200,000. The property sold right away.

For their part, they were able to quickly wholesale the deal and walk away with a cool $50,000 in cash earnings as an assignment fee.

Do the GoodEnvestors have any advice to share with first timers like they were not so long ago? Absolutely. First, and foremost, networking matters. It's how you learn leads to go after - and pitfalls to avoid. Eric tells, "Yeah. I was working for a hard money lender. That was how I got introduced. But even still, transitioning is to have it in my own business. I still need the resources, I still need the education and I still need the mental steps." Ongoing resources, ongoing education: a proven recipe for investing success? It seems like this is one recipe that really cooks up measurable success for this family of go-getters.

For their part, they were able to quickly wholesale the deal and walk away with a cool $50,000 in cash earnings as an assignment fee.

Eric goes on to say "put together a business plan - and follow it." He follows up, "We decided to put something of a business plan together before we start the business so we can clearly know what we were doing, what was going to be our focus and what we were going to be focusing on." Now, GoodEnvestors does what he dubs, "farming his market". What is driving for dollars? It's driving to find properties that may just need a seller. As Eric stated, "when opportunity presents itself, you definitely have to have the sense of urgency and be able to respond and react to something because sellers are motivated, they are emotional and they need a solution to their problem fast."

Finding education. Finding sellers. Finding deals. Making true cash happen. When it comes to to the world of real estate investing, these ambitious brothers have it down pat. As they close their next deal, they remain ambition about their future. According to Eric, creativity is key, as he says, "So you have to be creative out here. It's very competitive."

Competitive, yes - but the Gooden brothers have a lot of balls in their court - from expertise, knowledge, a true family bond and an ambition that literally drives them from one deal to the next.

❖

means that costs of being in business are spread out over a larger number of assets, bringing down your cost per asset acquired.

Remember, it takes both time and money to perform due diligence on Tax Liens, so every time competition takes away opportunities that time and money goes right out the window. The great risk-reward ratio that tax liens offer isn't a secret anymore. Hedge funds, banks and other deep pockets are well aware of it.

To be successful in tax liens, an investor has to come from a position of strength. Entering the tax lien marketplace in hopes of buying a handful of liens is a tough proposition these days.

DIVERSIFICATION

Coming from a position of strength will likely solve this second problem by itself. Bringing more muscle (capital) means more purchasing power. More purchasing power leads to having a larger portfolio of Tax Liens. A larger portfolio of tax liens means greater asset diversification.

Although tax liens as a whole are an exceptionally safe asset class, there are still risks involved. If your portfolio is small and you accidentally purchase a lien that is secured by an uninhabitable piece of real estate, the negative effect of that lien on your portfolio is magnified.

An investor who owns 10 liens and has 1 turn out to be a stinker is in a much different position than an investor with 1000 liens that has a similar stinker. Diversification makes the occasional mistake or unfortunate hazard far less important in the grand scheme of Tax Lien Investing.

LEVERAGE

Leverage is another concept that any active real estate investor is likely to understand already. Leveraging your investments leads to exponential growth in your returns.

The tax lien industry is a competitive environment that can leave investors searching for yields that are high enough to wet their appetites. It's also very much

Image: Maxxy Ustas / 123RF Stock Photo

a "hands-on" industry that can make it very difficult for small investors to spend the time and money to participate without throwing all of their potential profits at due diligence costs.

Leveraging a portfolio of tax liens can not only increase your returns dramatically, but it can also give you far more purchasing power. What's best about leveraging a portfolio of tax liens is that while it gives you tremendous upside, it doesn't create the same potential downside as when you leverage a piece of real estate. When you leverage a piece of real estate your equity can disappear fairly quickly with a market correction. With tax liens, which are on average less than 5% of the underlying property's assessed value, downward market shifts have no real effect.

BOOTS ON THE GROUND

Everybody knows the saying – "You make your money when you buys, not when you sell." The same is true of Tax Liens. You make money with Tax Liens by buying smart and being able to redeploy your capital as soon as it comes back to you.

However, it's also necessary to have the right people in place to service a lien and keep an eye on the underlying collateral throughout the life of the lien. Far too often investors buy tax liens assuming that they'll never have to worry about them ever again and that a check will eventually show up in the mail.

Unfortunately that's just not always the case. Should a property owner not pay and a tax certificate remains unredeemed it may be necessary to hire legal counsel to file foreclosure (or an application for deed) to enforce payment. You may also need to consult contractors or real estate agents to evaluate the collateral and determine whether a condition might exist that may make the real estate undesirable. These teams of people are one of the greatest resources that any Tax Lien Investor can have.

NATIONAL PRESENCE

There are some successful Tax Lien Investors that have made a business out of purchasing Tax Liens in one specific state. However, this isn't the norm. Most successful Tax Lien Investors cover a majority of the country with their buying. The reason for doing this is simple: they have to keep their capital deployed. If an investor purchases a lien that pays (redeems) a day later, there probably isn't going to be much interest attached to that lien.

The return will likely be minimal. The key is to have another outlet to get that returned capital working again. It's not likely that a lien can be purchased from the same state that the original lien was purchased in because tax lien auctions are seasonal. Almost all states sell their liens within a month or two during the year and it's likely that the state's auctions would already be over. Being ready to move from state to state in order to keep a tax lien portfolio working is a key part of successfully investing in tax liens.

These are just some of the most important components of a successful tax lien investing business. As you can probably tell, there are certain advantages that bigger buyers will always have over smaller buyers. The concept of investing in tax liens is a simple one, but actually doing it can be quite a complicated process. Tax Liens are a fantastic asset class for the conservative investor, but like anything else, you have to know what you're getting into.

If you don't, there's somebody else out there that does. As they say, "if you can't beat 'em – join 'em."

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The Relationship Between TENANT SCREENING & INVESTOR PROFIT

An interview with Carole Clinkscales, Director of Marketing for National Tenant Network

What is tenant screening?

Tenant or resident screening is the general term used to describe the process of obtaining relevant credit and public record information by landlords and property owners in order to better evaluate a prospective tenant. The applicant's personal information is collected on the rental application, along with an authorization allowing the landlord to use this information in making a tenant selection.

WHY IS IT IMPORTANT?

Managing a rental property involves a commitment to property maintenance, record keeping, and above all, selection of the best possible tenant for the property. Selecting the best tenant protects your investment. Good tenants not only pay the rent on time, but are the onsite stewards for your property. If you select the wrong tenant, you run the risk of loss of income from unpaid rent, possible property damage or liability for the actions of your ill-advised choice of renters.

WHAT ARE FAIR HOUSING LAWS?

Fair Housing Laws are in place to prevent discrimination in housing transactions, including sale, rental or financing of property. The Fair Housing Act prohibits discrimination based on race, color, national origin, religion, sex, familial status and disability. Should you violate these laws as a landlord, whether intentionally or accidently, you may be sued in Federal Court and ordered to pay actual and punitive damages as well as attorney's fees and costs.

How do I choose the best resident screening company?

The best tenant screening companies are nationwide in scope and offer an experienced staff capable of answering questions and recommending report options.

The availability of obtaining a "scored" report, such as National Tenant Network's

NTN DecisionPoint, will simplify the leasing process. NTN DecisionPoint reviews an applicant's background and produces an overall score, much like a credit score, along with a corresponding rental recommendation – both of which are based on a thorough and objective analysis of both the applicant's credit record and his or her history of eviction(s) and/or lease violation(s). NTN

>

DecisionPoint also takes into account longevity of employment and longevity of residence, thereby ensuring a higher probability of overall resident retention.

In addition, the NTN DecisionPoint report is accompanied by a comprehensive NTN tenant-performance profile, a detailed eviction and lease violation history, screening history, landlord identification and terrorist search.

How do I obtain an applicant's credit report?

Tenant screening companies, such as NTN, are strictly regulated under the terms of the Fair Credit Reporting Act. Anyone requesting consumer credit information about an applicant must show "permissible purpose" before receiving the records. There are three national credit bureaus providing this information: Equifax, Experian and TransUnion.

What additional information should I request?

In additional to consumer credit information, tenant screening reports may also include criminal records, eviction records, sex offender registry searches, Patriot Act or OFAC searches and rental or employment verifications.

NATIONAL TENANT NETWORK

For more than 25 years, National Tenant Network has been focused on a single goal: to help property owners and managers make the best leasing decisions possible. We care about your bottom line, and understand the importance of maintaining the integrity of your rental property. NTN operates from 20 regional offices nationwide, providing exceptional customer service to every subscriber.

As the nation's oldest and largest national resident screening service, NTN has successfully screened more than 15 million applicants. Our in-depth knowledge of resident screening and landlord/tenant challenges helps us deliver exceptional end-to-end resident screening solutions.

To speak with our experienced staff, contact NTN at 800.228.0989 or on the web at www.ntnonline.com

How does comprehensive applicant screening impact investor profit?

Investment losses can occur from evictions, "skips" (tenants who leave without notice or without paying the last month's rent) or property damage done by tenants.

While these are examples of the most common lease violations, they are not the only ones that might cost real estate investors money. It is especially important to be aware of past performance when choosing a tenant for your property. Good credit doesn't necessarily equate to good tenants.

Tenant screening is quick and cost effective. It should always be an integral part of your investment property management strategy. Minimizing risk requires that you:

- **Establish consistent criteria for all rental property applicants**
- **Comply with all federal and state laws regarding Fair Housing and Credit reporting**
- **Obtain the data necessary to make an informed decision**
- **Screen every applicant**

Who Finds Residential Properties Even When the Market is DOWN?

By Leon McKenzie, US Probate Leads

There is no doubt about it. . . Since the recession in 2008, the real estate market simply hasn't been the same. Some of the people that have been the most hurt in the entire scenario have been homeowners who are simply trying to find a new home to accommodate a growing family or a need for a new location. Regardless of the geographical area within the United States, there are simply not enough residential properties on the market in this depressed market.

There is a solution, though. Investors and individual buyers who are working in the probate industry have experienced a constant supply of viable residential leads that can fit the needs of investors' portfolios and families.

A Shortage that Has Hit Nearly Every Community

Why is there a shortage of properties in the United States today? There are a lot of economic reasons and contributing business management policies that have made a tightening of the traditional market inevitable. One of the primary reasons that residential properties are simply not on the market is due to the persistent credit shortage. To say that banks are concerned about lending money to homeowners is an understatement. In order to get a traditional mortgage in today's market, individuals and couples need nearly perfect credit. This inability to get credit means that a lot of families who might look for a new home simply can't do so, limiting the amount of homes that are coming on the market due to upgrades in residential homes or downsizing. In a recent article by the Dallas News, Ted Wilson of Residential Strategies was quoted, "Inventory — or lack thereof — is the big constraint on the market."*1*

After the credit boom that occurred in the early 2000's, banks discovered that many of the people who had purchased homes simply couldn't afford them. That led to a huge amount of foreclosures on the market. Many of these homes are still available today. While the idea of a foreclosed home might sound like the route to finding a ton of homes to choose from, that is just not the case. For the most part, banks have opted to sit on foreclosed properties.

Banks sitting on foreclosed properties means that a great deal of homes that should be on the residential market are not. And, unfortunately, when a buyer does make an effort to bit on a foreclosed home, the banks are slow to reply to the offer and generally want the market price for the property. Given the fact that many of these homes have been sitting for years and many have been vandalized, have had copper piping and other fixtures stolen or have experienced a significant amount of damage due to the lack of regular maintenance, there is no reason for the home to sell at the current market value. This is yet another constraint on the traditional residential market.

Existing Properties Aren't Enough for Traditional Buyers

In addition to banks sitting on foreclosed properties, a stalling of new building efforts has also hampered the growth of the residential real estate market. In an article written by Susan Stabley of the Charlotte Business Journal, she wrote, "But while the residential real estate market has rebounded in the past year, there's an imbalance of vacant developable lots.

National builders were able to buy land cheap during the recession and then hold on to it as they waited for the market to recover. The inventory of those lots in high-growth areas is now diminishing rapidly."*2*

While many builders are waiting for the economy to return to a growth phase before beginning a building process, others simply can't find the right land in order to continue to build new residential properties. This is another reason that buyers simply can't find the right property in their area to purchase. With many families choosing not to

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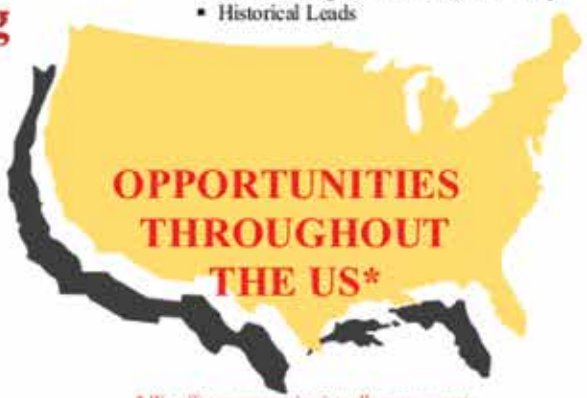
We provide the leads that you need to be successful in this little know real estate market niche. Probate investing is a market niche that is practiced by relatively few individuals. Most investors assume that once a property goes into probate, it simply disappears until it comes out at a later time. This is simply not true. In most cases the Executor of the estate has immediate authority to sell any or all properties in the estate.



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Some Facts about Probate

- ✓ *~ 6 million unsettled probates every minute of every day in the United States, Estimated value of $600 Billion.*
- ✓ *Over two million new probate cases open each and every year*
- ✓ *95% of Probate cases have some type of personal property opportunity.*
- ✓ *70-75% of probate cases have some type of real estate opportunity*
- ✓ *Within 4-6 months of filing more than 40% of the properties in the probate estate will be sold*
- ✓ *More than 20% of the Executors are out of county and many need local assistance*

Visit www.USProbateLeads.com and become a Probate Investor TODAY! Also check out our Probate Business Opportunity. You can sell Probate Leads to Investors in your area.

move and the credit market and residential inventory so low, bidding wars and higher prices are now the norm. David Brown, a housing analyst, was quoted as saying, "I continue to hear anecdotal reports of strong demand: multiple offers on a property, prices getting bid up above the listing price, and homes selling before they officially hit the market. Unless more existing homes get listed or builders start more homes, the housing market will remain very competitive for buyers the remainder of the year."*3*

A Residential Shortage that is Not Limited By Geography

Many areas of the country are suffering from this issue – even the big cities, such as New York. Said C. J. Hughes, at least one major obstacle is preventing a surge in residential sales in New York City: Even if buyers want to purchase homes, there aren't many to choose from. In fact, the current inventory crunch, the worst in recent memory, has become the defining feature of New York's residential market."*4*

Areas such as New York, which are seeing strong demand for people that want to move into the city, simply cannot keep up with the demand. Hughes quoted Neil Garfinkel, a New York real estate attorney, who said, "Other factors restricting residential inventory today include continued high unemployment and tight credit, industry experts said. Homeowners who are struggling financially or fear they can't get a mortgage can't upgrade to larger apartments. That means they're unlikely to put their own homes on the market. If you can't trade up, you're probably not going to sell. Adding insult to injury — for buyers, at least — is that the lack of supply is sending prices of available homes through the roof. In a perverse way, tight credit is making housing prices rise, which is completely contradictory. But it is definitely keeping inventory from entering the market in a normal way. The tight market conditions have also led to regular bidding wars. Garfinkel estimated that one out of every three Manhattan buyers who comes to his office has engaged in a bidding war of some kind. Last year, by contrast, he might have seen that in just one in ten deals. Things have heated up significantly."*5*

The strong demand for residential homes and the combination of the credit crunch and the banks' unwillingness to sell foreclosed properties in a timely manner at a reasonable price have left homeowners with few options.

Probate Properties Provide the Solution

The probate industry continues to flourish despite the overarching changes to the residential real estate market. Residential real estate is always available in plenty in the probate business and it offers a significant amount of opportunities to not only investors, but to individual homeowners who really want to purchase a new home and not wait for a change in the economy.

Experts estimate that nearly 100,000 probates are filed each and every month in the United States. Each probate filed nearly always has property attached to it – including everything from boats, to cars, vacation homes, businesses, commercial property and yes, residential property. This means that there is a constant flow of residential properties into the market in a way that the larger economy simply isn't seeing at this time.

There are significant benefits to focusing on finding a residential property through probate. The process itself is guided by the courts and requires that property be distributed or liquidated in order to close the filing. In order to do that, the court empowers an Executor, who can be a family member, friend, attorney or accountant to make the decisions for the estate. This is a benefit to residential buyers because Executors know that the property they represent needs to be sold in order to pay taxes, medical bills, legal fees and funeral costs.

Discounts and Quick Closings are Common

Because of this fact, many Executors are prepared to sell residential homes for up to thirty to fifty percent below the current market value. These discounts are not only due to their need to sell the home, but because most Executors are quite realistic about their property. While the "bones" of the home may be good and it may be in an excellent area, their loved one may not have had the energy to take

Image: jirkaejc / 123RF Stock Photo

care of the home or update it regularly. This combination of realism and need to sell makes purchasing a residential probate home easy. Executors who are living out of state may be even more willing to make a deal for the home. They simply don't want to have to try to manage the home while they are living so far away.

From a practical perspective, most Executors are also open to a quick closing, something that those in the traditional market or foreclosure market simply don't benefit from. In fact, quick closings are the norm in the probate market, which is ideal for families who need to make a rapid transition to accommodate school and work schedules. While a traditional closing for a residential home may take up to ninety days, and a closing for a foreclosed property can take just as long, if not longer, a closing for a probate property can be as quick as thirty days, depending on whether or not the home has been cleaned out or not.

Probates Never Go Out of Season

A wide range of residential homes are always available and are not subject to the normal, seasonal supply and demand issues that are seen in the traditional residential real estate market. Probate homes can be found in city, suburban and country areas in every county in the United States. This variety means that those buyers that are looking for a residential home are not limited by the area or time of year that they are looking for a home.

Buyers who are experiencing frustration in finding a residential property do have

an option other than paying exorbitant prices. The constant stream of probate properties entering the market means that buyers have a way to get the home of their dreams without relying on traditional methods. With significant discounts, properties available in nearly every area of the United States and quick closings, buyers have an ability to purchase their dream home and not have to cope with the challenges of today's real estate market.

At US Probate Leads, we work to provide viable, timely probate leads to buyers in nearly every county in the United States. In addition to leads, we offer books, software, mentoring programs and webinars for those interested in taking advantage of the amazing opportunities in this untapped market. To find out more about which properties are available in your area, contact US Probate Leads at 877.470.9751 or visit our website at www.usprobateleads.com. ❖

Finding a Mentor by Lori Greymont, pg. 55

of thousands of dollars each and every year to align myself with mentors in various venues of life who help pull me through the barriers I face at this level. To me, a mentor is someone who has been through what you are going through, stayed in the game and cares enough about the next guy to reach back and grab their hand and pull them through it too.

One of my favorite sayings that I share with anyone that will listen is "Wisdom earned through experience is too expensive- you will pay for your education one way or another, why not take the short cut?" You see, if you make a mistake that you have to work your own way through, not only do you typically lose money, but you also lose time and energy. That means all 3 of your resources to you need to create wealth. While you can always make more money, you will never get back that time or energy. So, I fully believe it is worth aligning yourself with key individuals who can help you navigate the areas they have mastered and learn from them rather trying to pioneer the trail yourself.

Another point to make is that mentors are not just available for your business, though that is definitely a good area to invest in one. Maybe you need a mentor to help you become more self-aware and to grow personally? Maybe you need a spiritual mentor or a relationship mentor. My encouragement to you is to assess where you and where you want to be in the following five areas of life: Spiritual, Family, Health, Business, Financial. When you realize you need help on one of the areas, find someone who can help you navigate the path to your dream (and don't make your dream smaller so you don't have to grow!). Lastly, be willing to pay that mentor for the help they will give you. Remember they paid a price to gain the wisdom you are getting. The price they paid is most like way more than you can afford, and way more painful than you want to endure. You will pay for your education one way or another- do you want to go to the school of hard knocks or the school of "life hacks"? ❖

Take Care,

Lori Greymont

Lori Greymont, CEO of Summit Assets Group helps investors find dependable passive income. She is also a Radio Show Host of Real Estate 360 on AM 1220 and iHeart Radio. Watch for her upcoming book Live Like A King (Think Like a Farmer) – 10 simple steps to make millions in real estate. She is passionate about helping women grow in business. Check out her women's mastermind at www.theimpactcircle.com. Lastly, if you are serious about taking your real estate business to the next level, contact her about openings in her mentorship and coaching programs.

Making Investment Partnerships Work

by Gary Geist & Daniel Ringwald

Investing in real estate is something anyone can do and it can be both fun and very rewarding financially. However, if you make erroneous decisions up front, without doing proper due diligence, you run the risk of buying serious problems with mounting costs instead of a safe haven to park your hard earned money. It is an excellent time to get into real estate and if you do, you need to have a good plan and an excellent team to support your investments long-term.

Did you ever wonder why some investors go broke while other inventors who own similar properties consistently make 10-15% return on their investment every year? It has more to do with the team you have supporting you and your investment than the old proverbial expression - Location, Location, Location. Location is important, no question, but having the right team helping is just as important if not more so. Good properties soon become poor performers, then money pits and finally devastating losses if they are mismanaged.

Building a solid team to help you invest is key to your success in real estate. Both Gary Geist (www.HomeReplay.com) and Dan Ringwald (www.NationalHomeBuyersLLC.com) are experts in building teams for investing purposes. Recently, Gary and Dan joined forces to work jointly helping investors who want to invest in the Midwest. Current operations include Fort Wayne, IN, and Cincinnati, Columbus, Dayton, Springfield, and Xenia, OH. Both Gary Geist and Dan Ringwald have similar approaches on how they build and run their real estate investment businesses. You could call it Real Estate Investing Made Easy for investors that want to join them.

They both have over 30 years of experience each in real estate investing including single family properties, multi-family properties, land developments, and property renovations. In fact, HomeReplay won the coveted 2013 ARCHie Award for Residential Rehabilitation in Fort Wayne, IN from the Architecture & Community Heritage organization for Allen county and northeast Indiana..

Rental properties are only as good as the property manager. Let's face the truth - property management companies have all their loyalty fixed squarely on themselves and the commissions they make from the rental income and the overhead charges from the repairs they make to your property. In many cases, the tenants are ignored and the investor (owner) is last on the list and ends up holding the bag. This is a real problem in the world of real estate investing and one that needs to be managed by the investor himself - don't leave it to chance or your emotional attachment to the person you met at the property management company. Let them manage

your properties if you must, but always check up on them to see how they are doing. After all - they are spending your money!

What Dan and Gary have seen over the many years of their investing experience, much of it with out-of-state investments, is that the fatal flaw for most investors is that they have no support after purchasing the property. This starts immediately if there is renovation work required before the property can be rented. How do you find good contractors? Can you trust them? Is their work good and does it meet local code requirements? Can it be rented to good tenants who will take care of the property? Can I trust my property management company?

Gary and Dan are not property managers – they are property owners and landlords who look for good cash flow deals every day. Both have vibrant partnership programs that bring qualified investors in along side of them as Joint Venture Partners. They absolutely have to make a profit because they get NO commissions. Most real estate investors are only there for one good reason, a high return on their investment. They just want it to work and work well. Gary Geist and Dan Ringwald make it work and have proven track records with long term investors who are getting great returns compared to most other types of investments.

As Robert Kiyosaki so aptly puts it - "Investing is a Team Sport". So if you are an investor who would like to be part of a team we invite you to contact us. We are looking for partners who want to invest for their families' futures. Remember, partnerships are built on:

1. TRUST - Partnerships must be built on trust. Both parties in the partnership must trust each other to perform their end of the bargain.

2. KNOWLEDGE - The partner responsible for finding the right property and managing the rehab. This includes not only finding the best contractors but knowing that the work conforms to local codes.

3. INVOLVEMENT - The partner that performs the rehab needs to maintain his involvement in the project long-term. He needs to continue to monitor the property to ensure it is properly maintained by the local property management company. ❖

For more information, please contact Gary Geist (202) 841-1821 at or Daniel Ringwald at (805) 967-6595

Image: Karen R / 123RF Stock Photo

An Interview with Longhorn Investments

The Hard Money Lender Discusses Private Capital

LONGHORN INVESTMENTS

1. How long has Longhorn Investments been in business?

We expanded our operation into the hard money lending business back in 2008. It has since become the core of our business and we're proud to say that we've funded more than 1,000 loans totaling over $100 Million.

2. What areas are you focusing in and why?

The short answer is that we like lending in areas where investors have a high probability for success and we're able to put the experienced team members in place to help them. The areas where we lend are some of the hottest markets in the nation for rental real estate.

We started in Dallas, TX and have since expanded to cover all the major metro areas in Texas, Missouri, and are working on Indiana.

3. Can you give us an example of how a client has successfully closed a deal with Longhorn?

We've had all sorts of great stories working with our borrowers over the years. Our focus is to help investors achieve their RE investment objectives, which we strive to do on every transaction. Doing this often includes leveraging our expertise and network of team members to help our borrowers.

As an example, one of our borrowers just called us up recently to thank us profusely for guiding him through his first transaction. He had just finished up his first flip and called to thank us profusely for our insight and guiding him away from some costly mistakes. By working closely with us and other members of our network he was able to net $22,000 in just a few short months.

4. Do you have any programs or is your lending done on a case by case basis?

We have a few different programs based on location and exit strategy. Every deal is looked at in relation to the property, the investor/borrower, and their desired exit strategy.

From the property standpoint, we are set up to lend a significant amount of the money needed to purchase and rehab an investment property in relation to its' after repaired value. For example, If a house costs 50,000 to purchase and 25,000 to rehab, with an after repaired value of 100,000. There is a strong chance that we would lend up to 70,000 on that property. The investor would cover the difference along with closing costs.

When it comes to borrowers, we want to know that the investor is in a position to effectively execute their exit strategy on the deal. For example, if a borrower is looking to purchase, rehab, rent, and refinance - we want to know that the borrower has the credit, income etc. to be able to refinance. If someone is looking to flip, we want to know that they have the cash to cover closing, any overages from the rehab, as well as interest payments.

At the end of the day, as a hard money lender we are in the business of making "common sense" loans.

5. Who is your "ideal" investor?

Our ideal investor is anyone who has the following in place.

A great property, a good plan to reposition the property, and resources needed to execute that plan efficiently. Each potential deal has individual requirements. but as long as an investor has these three things in line, we're interested in working with them.

9. What is it about Longhorn and your lending programs that is unique?

We started in this business partnering on a single loan with a family member. We have since become a direct lender and funded over 1,000 hard money loans. We have built our program around helping our borrowers get in the best position to succeed.

As investors ourselves we understand that there are plenty of options in the marketplace to borrow money. We focus on bringing our experience to the table and being the second pair of eyes on every transaction. Many newer investors make the mistake of thinking that the biggest differences between lenders lie in stated loan to value ratios (ours is up to 70% of ARV) or points, and fees. The fact of the matter is that the biggest difference between lenders lies with their experience, perspective when working with a borrower, and ability to execute.

Our biggest differentiator as a hard money lender are the value adds that we provide beyond just funding the loan. One of our borrowers once pointed out, "Some gurus charge $35,000 for mentoring. Y'all do alot of the same things while at the same time lending money needed to do a deal." As such we have a vested interest in seeing our borrowers succeed. That is why we also put together frequent educational webinars, video, and other related events. We post most all educational videos to our YouTube channel and other information to our social media pages, as well as. ❖

For more information about Longhorn Investments, call 877-420-7346 or visit: http://longhorninvestments.com

I encourage everyone reading this article to get their rental property insurance policies out tonight and read them! Yes, it is boring, but you will realize quickly that you CANNOT PROTECT YOUR ASSETS solely through insurance. You have to do more.

Since real estate investors are perceived by the public as rich targets for a lawsuit, you must consider getting your name out of the county records. How do you do that quickly and inexpensively? Transfer the title immediately to a Land Trust.

Land Trust and the asset protection of an LLC.

So, how do you accomplish these recommendations quickly and inexpensively? It cost NOTHING to create a Land Trust. You can learn how to create your own Land Trusts at my website: www.landtrustsmadesimple.com Or, if you want FREE land trust educational training, go to: www.landtrustwebinar.com Or, call me at 866-696-7347.

To receive a FREE copy of my booklet "50 Reasons to Use a Land Trust" send me an email at: randy@mrlandtrust.net

Since real estate investors are perceived by the public as rich targets for a lawsuit, you must consider getting your name out of the county records. How do you do that quickly and inexpensively? Transfer the title immediately to a Land Trust.

Put each property into a separate Land Trust so each property is insulated from the other. Didn't your grandmother teach you not to put all your eggs in one basket? The same applies to asset protection.

What about using an LLC to hold title to your properties? Yes, I use LLC's BUT NOT TO HOLD TITLE TO INVESTMENT PROPERTY! It is best to put your property title in a Land Trust, then make your LLC the beneficiary of your Land Trusts. This structure gives you the best of both worlds. The privacy of a

there today?

Brad Sumrok teaches what he does. He transfers his 12+years of investing experience to his students. His processes are not "get rich quick", rather, he puts you on a path to Retire within 3-8 Years or Less. Perhaps most refreshing; when you attend one of these training events, you actually get Brad himself, not a substitute or trainee.

These events and programs are designed for educating and equipping both Sponsors that enjoy more active deal making, and Passive Investors with capital that just want to make better investment choices. ❖

For more information, and upcoming event dates check out the Brad's website: http://BradSumrok.com.

BRAD'S TOP TIP ON SELECTING A GREAT PROPERTY MANAGEMENT COMPANY:

"The best way to evaluate a third party property management company for investors is to find a company willing to show a proven track record of successfully managing properties just like the one you are planning to buy."

rentable and more important if the property rents will be at the level you need to maximize your investment.

When you own and purchase property in your own backyard a lot of these details are easier to determine, but it gets exponentially harder when you purchase and own property long distance. Buying outside your market is a great strategy to diversify your portfolio and increase your investment choices, but you will need a good partner in property management and real estate sales.

When reviewing an area to invest in you should also select a good property management team. Having a good property management team will make or break your success. Good management teams will keep you updated on all market conditions, including things that could both positively and negatively affect your investment value. They need to visit your property at least every month and should always include exterior photos of the property so that you are in the loop on the condition of your property on an ongoing basis.

Your team will provide current rental information as well as updated market info on the area. Bonus points if your property management team also has licensed agents and or brokers. This will allow you to have seamless transition from purchase to rental, and they will monitor market conditions to allow you to sell the property if the market is right or find additional properties to add to your portfolio.

Good management teams will also closely monitor the property and provide updates on any maintenance items that need to be repaired before they become a major item. Such as when you drive up to a property and you notice that the secondary drain line to the HVAC system is draining on the outside. This could mean that the primary drain line is clogged and should be addressed before it backs up into the house.

Buying outside your market is a great strategy to diversify your portfolio and increase your investment choices, but you will need a good partner in property management and real estate sales.

Finally, the management team should provide interior inspections that address items not being taken care of by the residents, catching them early enough to prevent bigger issues that would normally be discovered upon move out and help reduce the make ready cost to get the property ready for the next tenant.

❖

For more information, please visit: http://pamtexas.com

by that property via rent and/or profit from selling it. And whether it is rental income or proceeds from a sale, the returns stay tax advantaged according to the account type. The IRA holder decides what to do with the incoming cash: buy another asset, take a distribution, make improvements to the existing asset, or any combination. An IRA does not have to purchase a real estate asset that produces cash flow. Profit derived from an IRA selling a property for more than it originally paid is tax advantaged, although, in some circumstances, debt-financed properties and fix and flips may incur UBIT. Keep in mind, any expense that is incurred by the IRA's asset must be paid by IRA funds. TIP: Make sure your IRA provider has a way for your IRA to pay bills for free. Check fees add up fast.

An IRA can purchase residential or commercial properties; agricultural or raw land; and real estate instruments such as options, trust deeds, tax liens, etc. TIP: Some IRA providers service all of these assets, offering maximum flexibility, but some do not.

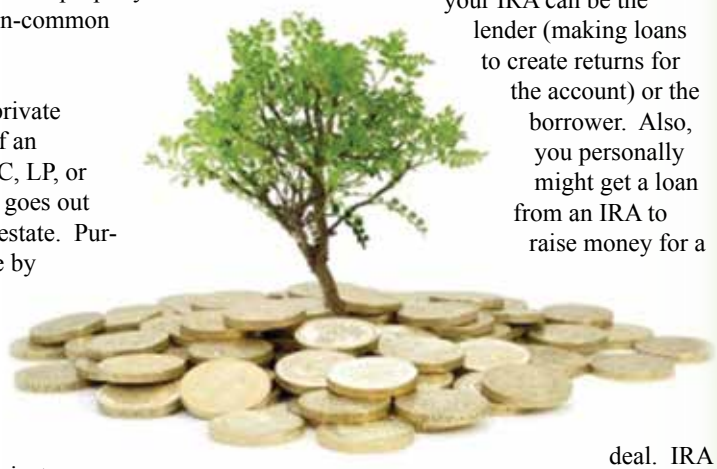
An IRA can use the same real estate strategies that you use outside of an IRA: buy and hold, fix and flip, hold for appreciation, buy land and develop it, and more. Short-sales, foreclosures, and auctions are all tools that the IRA can utilize. TIP: Almost all real estate strategies that work outside of an IRA can be used to make money inside an IRA, but it is a good idea to take time at the inception of a deal to look into relevant IRS rules.

If the IRA does not have the full purchase price of a property:
An IRA can be a tenant-in-common with a person, an LLC (or other entity type), or even another IRA. This set-up is typically side-by-side, undivided percentage ownership. For instance, if IRA X owns 65 percent of a property and IRA Y owns 35 percent, all revenue, payments, and distributions will be split according to that percentage. TIP: You can "partner" with your IRA to purchase a property using this tenant-in-common arrangement.

An IRA can buy private equity or shares of an entity (like an LLC, LP, or C-corp.) that then goes out and buys the real estate. Purchasing real estate by pooling funds from multiple investors into an entity is a popular method for IRAs to invest in larger projects.
In this strategy, the IRA's asset is its ownership in the entity that, in turn, owns the property. TIP: Knowing your options for pooling funds is helpful for your IRA planning, and also if you are raising money for a deal using other people's IRAs.

An IRA can secure a non-recourse loan to increase its buying power. Individual IRAs (and in some cases partnerships and entities) can often arrange for a nonrecourse loan. Because the loan is not personally guaranteed by the IRA holder, the terms reflect the additional risk to the lender and usually require a larger down payment; details vary according to the lender. Other loan combinations are also possible. TIP: This is a tool that allows the IRA holder to make money on money that didn't have to be contributed to the account.

An IRA can be a lender. It can make virtually any kind of loan (bridge loan, construction loan, hard money, etc.) and receive the principal and interest payments. The loan can be secured by collateral or unsecured. TIP: Remember, your IRA can be the lender (making loans to create returns for the account) or the borrower. Also, you personally might get a loan from an IRA to raise money for a deal. IRA funds are active in real estate investing It is not unusual for an IRA holder to ask their provider if they can invest their account funds by purchasing real estate, investing in an LLC that is going to buy real estate, making a construction loan, etc. and have the response be "No, you can't." If you get that response, it usually means that the IRA provider doesn't handle real estate, but providers like New Direction IRA do. Moving your IRA (or old 401(k)) from one provider to another is easy and there is generally no tax consequence to the move.



An IRA at a provider that handles real estate assets activates that money in the marketplace. For real estate investors, that has two significant benefits. First, your IRA can utilize your personal expertise to make money for your retirement. And second, when you are raising money for your personal real estate deals, remember that IRAs are a rich source of investment capital. ❖

TIP: Almost all real estate strategies that work outside of an IRA can be used to make money inside an IRA, but it is a good idea to take time at the inception of a deal to look into relevant IRS rules.

public display. It is wise for any investor to lean towards opportunities which offer the most transparency and to pay attention to information access in initial agreements.

MAINTAINING PROPERTY VALUES & PIONEERING CHANGE

Real estate, as distinguished from publicly-traded REITS or funds, is typically an illiquid if not long-term investment. To realize maximum value, as Boesch notes, investors are often advised that the property must be held for some period of time, during which the market can fluctuate up or down. Whenever investors are involved in a partnership, or a limited liability company, or a corporation, and are required to hold the investment for some period of time, it is inevitable that partners or members can grow apart in their expectations. Family issues, divorce, death, personality clashes, life changes, job changes, often can lead to changing needs and expectations. And "change brought about by these every day human events," Boesch says, "can lead to differences, over when and how to cash out of an investment."

Ups and downs in real estate can be subjected to other legal challenges that impact value. Boesch cites changing shorelines from climate change, neighbors or public entities clashing with private property rights to exercise control over development, and environmental challenges, as just a few of the current events that are affecting real estate investments. Environmental issues in particular have attracted the Boesch Law Group's attention as Philip Boesch has developed the reputation as one of the leading legal minds and protectors of the environment.

During his tenure as President of Heal the Bay, the organization achieved the adoption of rigorous new standards to reduce coastal pollution, the completion of a multi-billion dollar sewage treatment facility, and successful litigation against the EPA to enforce protection laws. Presently active on the Board of Directors of TreePeople, the leading environmental group promoting sustainable solutions for our urban environment, he is not only passionate about dealing with water and climate change issues, but about green solutions, sustainable self-sufficient development, and organic construction materials. All of these items should be on the radar of real estate investors and developers.

THE FUTURE OF REAL ESTATE FOR SOPHISTICATED INVESTORS

Anticipating future challenges as shorelines are altered by climate change, and as pollution and regulations evolve into new legal battles, Boesch encourages real estate investors to pay attention to how these changes will affect property values. Coastline erosion and waterway pollutants, for example, could dynamically shift demand and value to properties several blocks inland, but increase disputes over walkways and views.

Those with the foresight to recognize these trends and optimize their investment strategies appropriately will be those that are most successful.

EMPOWERING YOUR LEGACY

"Being a good neighbor and working with local governments doesn't mean surrendering your private property rights," Boesch says. He directs those passionate about sustaining the value of their real property investments to TreePeople's mission, as a strong example of how to preserve wealth by sustainable, environmentally sound management. ❖

Several years before the real estate crash of 2007, people would ask me, "Is there a real estate bubble?" I had to emphatically tell them that we were already deep into a bubble with some areas having already "popped". One of the reasons they would ask was because they wanted to know if a particular area was going to appreciate in value.

Here is the lesson that so many investors had to learn the hard way — including myself:

Don't buy real estate with the idea that you are going to make your money through appreciation. It's a huge mistake and an easy trap to fall into.

It's hard to predict the future, especially years in advance. Back during the boom, everybody was looking back in hindsight and saying, "Boy, what if I'd invested in that city and got the 30% annual increase in value on the house I bought – that would have been great!" But hindsight doesn't do us much good. It's like gambling and is usually based on luck.

"Investing" based on appreciation is called speculation, but what I'm talking about is a much more conservative approach to building wealth with a real estate portfolio.

Build it so you know there will be cash-flow and equity growth when you're ready to retire. If you're going to speculate then you've got to be prepared to lose all of the cash you spent to acquire the property and potentially more.

Continued success! ❖

For more information about Marco Santerrelli, please visit http://NoradaRealEstate.com

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could cost an investor thousands of dollars in unnecessary taxes.

"It's not something that you're trying to evade paying; it's not something that you're illegally doing," Watson said. "You're structuring your business in a way to reduce the amount of self-employment tax that you're paying."

On the other hand, using a full corporate structure could be detrimental to the long-term real estate investor, according to Watson.

"You'd want to use something such as a LLC to hold title to your long-term investments," Watson said. ❖

To contact Tony Watson, visit www.roberthalltaxes.com or call 818-242-4888.

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the Inland Empire, and to St. Jude Children's Research Hospital. The event has raised over $430,000 for charity in the past six years.

On Saturdays leading up to the event, Norris will interview an "I Survived Real Estate" panelist or local expert about current market conditions within that expert's area of expertise. Norris regularly interviews economists, government officials, association presidents and other industry thought leaders on his weekly real estate radio talk show, which airs at 6 p.m. Saturdays on KTIE 590 AM in San Bernardino. Podcasts of Norris's radio interviews can be accessed through his company website, www.thenorrisgroup.com.

"I Survived Real Estate" has more than 25 sponsors, including HousingWire, Auction.com, PropertyRadar, the Apartment Owners Association, InvestCLUB for Women, the San Jose Real Estate Investors Club, *Realty411 Magazine*, *Personal Real Estate Investors Magazine*, MVT Productions, White House Catering, and the San Diego Creative Investors Association. ❖

Bruce Norris hosts the I Survived Real Estate annual event.

For tickets and other information regarding the Oct. 24th event, visit www.isurvivedrealestate.com. Reporters seeking interviews with Bruce Norris and panel participants before or after the event should contact Aaron Norris at (646) 418-4437.

Kathy Fettke's Insight, pg. 17

So… don't make crazy offers out of fear that just don't make sense. There will be more inventory and prices will begin to slow once supply meets demand.

INVESTOR TIP

There ARE still markets in the country where prices have not bounced back yet but WILL as soon as the foreclosure inventory is sold. These cities offer both high cash flow and high equity growth in the near future.
Be sure to visit the Best Markets Pages on our website for detailed information: http://RealWealthNetwork.com

It's also a fantastic time to understand the note business. Our Real Wealth Investor Academy has 8 hours of detailed information on how to get access to those 10 million+ discounted notes.

❖

About the Author: Kathy Fettke is the CEO and Co-Founder of Real Wealth Network. She specializes in helping people build multi-million dollar real estate portfolios through creative finance and planning. Kathy is also host of The Real Wealth Show and is a frequent guest on CNBC, FOX Business News, CNN and CBS MarketWatch.

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Father & Son Team Educate Plus Entertain Investors

By Stephanie B. Mojica

For the last seven years, father-son team Andrew and Lloyd Mabrey have combined their entertainment skills and real estate expertise to educate and entertain audiences throughout the United States.

Lloyd has been in the entertainment industry for 38 years as a singer, musician, comedian, writer, and keynote speaker.

"I've played for a tremendous amount of political and Hollywood or media type people," Lloyd said. "Also, just hundreds of corporations. Everything from Kraft Foods to Merrill Lynch to Ford. You just get an array of corporations from your Fortune 500 all the way down to your local businesses and I've been a mainstay in that arena just because I've been able to incorporate my music and personalize it so that it means something to the listeners."

> "We try to spice it up with some music, entertainments, jokes; it's just a new twist on how the information is presented."

Andrew, a real estate investor specializing in creative financing, has purchased residential and commercial properties in at least nine states over the past decade.

One of the biggest misconceptions about real estate investing is that "anyone can do it and that it's a no-brainer," Lloyd said.

"I think it does take training and seminars and exposure to strategies that increase your odds of being able to have more options or more exit strategies as you go through your investing career. So I think it can be fun, but it can also be painful if you're not knowledgeable."

Andrew is also heavily devoted to the personal development industry, holding a life-coaching license. He has spoken on the stages of some of the biggest "law of attraction" mentors in the world, including Bob Proctor and T. Harv Eker. Both Mabreys have appeared on stage at *Realty411* events.

Presenting information about real estate investing or any other type of personal or business development can all too often be "dry," Andrew said.

"I feel like that's one thing my dad and I get to do together is we bring a whole new dimension to the real estate presenting arena," he added. "We try to spice it up with some music, entertainments, jokes; it's just a new twist on how the information is presented."

Lloyd considers himself a master improvisational artist, so at times the presentations can be pleasantly unpredictable.

"The only challenge with Lloyd is that we don't have anyone to replace him…our guests love him…. He is that talented and truly one of a kind," said Jay Linderman, general manager of the Famous 3 Forks Ranch in Colorado.

❖

For information about the real estate musical duo, visit http://lloydmabrey.com or call 970-260-3348.

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