

“Systems to Help You Achieve Your Goals”

As Part of the *Street Smart* Investor Training System

REAL ESTATE MONEY MACHINE EXPOSED™

Finally a seasoned real estate investor reveals his secrets to safely build dependable income Buying, Selling and Holding property without banks, big money or heavy lifting. His proven system will do for you what others only dream about... a straight path to the money with all the potholes filled in!



street smart®

Real Estate Systems Helping Thousands Earn Millions

By Louis D. Brown

© Trust Associates and Louis D. Brown – All Rights Reserved





REAL ESTATE MONEY MACHINE EXPOSED™

Street Smart Tips to Becoming a Real Estate Millionaire in One Year or Less

by Louis D. Brown
with contributions from Bruce Beasley

This information is designed to provide accurate and authoritative information in regard to the subject matter covered. It is offered with the understanding that the presenters are not engaged in rendering legal, accounting, or other professional service. If legal advice or other expert advice is required, the services of a competent professional should be sought.

Adapted from a Declaration of Principals jointly adopted by a committee of the American Bar Association and a Committee of Publishers and Associations

Version 3.2

© 2010-2022 Trust Associates and Louis D. Brown

Parts contained herein copyrighted in prior years

All Rights Reserved

4426-B Hugh Howell Road, Suite 200, Tucker, GA 30084

Phone: 800-578-8580

Web Site: StreetSmartInvestor.com e-mail: StreetSmartLou@LouisBrown.com

IMPORTANT NOTICE

THE COPYRIGHT HOLDER RESERVES ALL RIGHTS and you are prohibited from copying any part of this *Street Smart*[®] **REAL ESTATE MONEY MACHINE EXPOSED**[™] system, except you may make and use copies of the enclosed Standard Real Estate Purchase and Sale Agreement document for *personal* use only. By purchasing this material you have hereby agreed to abide by international copyright laws. Any reproduction or use of this work by other than licensee for personal use may be prosecuted to the fullest extent allowed by law. Please respect the thousands of hours invested to research and create this work and our rights to this material. Govern yourself accordingly.

All Rights Reserved

No part of this system may be reproduced, stored in any information retrieval system or transmitted in any form or by any means without the specific written permission of Trust Associates.

© 2010-2022 Trust Associates

Parts contained herein copyrighted in prior years

4426-B Hugh Howell Road, Suite 200, Tucker, GA 30084

Phone: 800-578-8580

PLEASE NOTE:

This copyrighted system is licensed to you with the understanding that neither the Author nor the Publisher is engaged in rendering legal or accounting services. **Louis Brown is not an attorney nor an accountant.** Questions relevant to the specific tax, legal, and accounting needs of the reader should be addressed to practicing members of those professions.

The information, ideas, and suggestions contained herein have been developed from sources, including publications and research, which are considered and believed to be reliable but cannot be guaranteed insofar as they apply to any particular person's tax situation. Moreover, because of the technical nature of the material covered herein and the dynamic nature of the laws governing our actions, the assistance of a competent, qualified attorney, financial planner or accountant is highly recommended when implementing any concept discussed in this work.

The Author specifically disclaims any liability, loss, or risk, personal or otherwise, incurred as a consequence directly or indirectly of the use and application of any of the techniques or contents of this Kit.

Anyone reading or reviewing this work will recognize the thousands of hours of research, testing and review it took to create the concepts, training, instruction and documents contained in this package. Please respect this investment. This is the licensee's copy for their exclusive use. Encourage others to invest in their own success by getting their own copy.

Thank you for your respect and support.

Dedication

America was built by hard work. The philosophy of hard work is native to the American pioneer spirit. It came out of necessity because success was always in doubt. From our earliest beginnings there were no guarantees of economic survival.

This country has undergone phenomenal economic growth over the last 240+ years. Stimulated by an ideology of hard work, rugged individualism, risk taking, respect for others, equality of opportunity, seriousness, humility, and recognition of responsibilities.

Prominent and unheard of men and women as part of the largest fabric of society, working people, have made this nation what it is today. Entrepreneurs are symbols of the thousands of people who make our system work, and whose positive contributions every day make our lives more convenient and more beautiful. They represent the face of America.

In Proverbs it says, "Seek not to get rich quick." Hard work is part of the American heritage contributing to our collective reliance on individual effort.

I commend you for seeking the different way. I commend you for forging your own path. I commend you for the hard work you are willing to do. Today is the beginning of the rest of your life.

Table of Contents

Introduction	5
Legal Disclaimer	7
Earnings and Income Disclaimer	9
The Journey to Success	10
Becoming a Millionaire	14
Your Role	16
Steps to Success	19
Timing is Everything	23
Balance Your Investments	26
Pre-Foreclosures, Foreclosures and Post-Foreclosures	28
Finding Foreclosures	30
Rental Properties	34
The Bottom Line	36
Rehabbing Property	37
Lease Options	39
Less Deals, Less Work, BIG Profits	43
The Contract	48
More Seller Leads	50
Asset Protection	52
The Next Step on Your Journey	56
Real Estate Purchase and Sale Agreement	57
Glossary of Terms	63

Introduction



Lou Brown

Congratulations! You've just taken the most important step you'll ever take towards having economic freedom! Not only that but you've chosen what I think is a *Street Smart*[®] move. People always need a place to live, so the real estate market is not going away – and now you'll be a part of one of the most lucrative businesses in the country. By ordering this book, you've taken the first step in taking charge of your own financial destiny. And because you are not waiting on someone else to make it happen, you'll be able to secure your financial future NOW.

You're on the fast track now. With the right commitment of time and stick-to-it-iveness anybody can make money with the system I've created. The *1 Year Real Estate Millionaire* is a complete system – book and audio course – designed to guide you step-by-step through the most streamlined and comprehensive real estate investing program available.

Filled page after page with an understanding of what you need to know (and more) to get started in real estate investing today, the *1 Year Real Estate Millionaire* draws from my own personal experiences as well as the collective experience of some of today's best real estate investors. I've created a winning package that outlines each step of the real estate investing process for you – from buying to selling, and everything in between.

By choosing this program, you'll be able to enhance your profits, minimize your risk and investment, and keep your money liquid. You'll turn properties faster and make fewer mistakes, all while enjoying the freedom of working for yourself from your home office without a lot of

overhead and expense. You'll learn the tools and tricks that allow you to make more and spend less.

My associate Bruce Beasley and I have trained more than 10,000 people over the last 25 years become very successful real estate investors who have amassed fortunes of more than \$42 million dollars... and I'm here to tell you that you don't have to good credit, or have a ton of money and you don't have to do anything unethical or illegal!

I am very excited to be able to share my secret steps to success with you in Street Smart Real Estate Money Machine Exposed!

You don't have to be a millionaire already and you don't have to be a real estate expert (although by following these methods you will make a ton of money sooner rather than later), and you don't have to do anything illegal or unethical... it's a matter of simply following the proven steps outlined here in the Money Machine Exposed and being willing to be successful.

The best way to be successful is to follow in the footsteps of someone who already is, and I am very happy to be sharing success with you!

Good luck!



Louis "Lou" Brown

Legal Disclaimer

First and foremost, let me assure you that this program is 100% legal. I guarantee it. There is nothing at all wrong with realizing immediate gains and profit from your investments that you can use today. There is nothing illegal about taking control of your financial future.

Using a few simple, legal strategies, you can make more money than you ever imagined and free up your capital so that you can take advantage of even more new investment opportunities. More money now means more money when you retire!

I am NOT a lawyer... so even though I am providing you with all the steps you need to take control of your economic future; it's up to you to be wise enough to obtain legal help for setting up your business, for making sure your taxes are paid, and for helping you with your real estate contracts. Learning how to take control of your financial future starts by understanding that it is okay to rely on experts to make sure you are protected.

In addition to a good lawyer, be wise enough to line up a good accountant. You might think you can do it all yourself, but you want to be an expert investor, not an expert in law or accounting. Focus on what you need to do and let the professionals in their fields handle the rest.

Make sure you have access to good legal advice, whether it's through a good prepaid system or the local attorney who drew up your will. Be prepared to be competing against professional sharks, but in today's uncertain market conditions you have the advantage. This book contains the secrets you need to be a part of the opportunity that's slipped by everyone, except these elite veteran investors poised for big-time returns during the Post-Bubble Hangover of 2007-2010.

Final Warning: The other real estate investment methods that are out on the market are designed to do one thing: make them rich, not you.

Legal Services:

Prepaid Legal Services

<https://StreetSmartWiz.com/LegalSavingsWiz>

Legal Forms

<https://StreetSmartInvestor.com>

This system grows you up from beginner to a full-fledged operating business with all the tools to buy, sell, renovate, manage and protect all you create. It's comprehensive, coordinated and complete. The forms have been built, tweaked, and updated based on 30 plus years of *Street Smart*[®] investing experience. It's built with tools, operations, technology and training manuals "*Like a Franchise, but without the cost.*"[™] "

You don't want to be a real estate *speculator*. It's not 2004 anymore; the real estate "bubble" has already burst. You need to focus on *Street Smart*[®] strategies that will take advantage of the *current* real estate market and that will grow with you as the market changes.

It cannot be emphasized strongly enough the importance of good, sound legal advice. It can make the difference between success and failure. Online services are great for answering quick questions and for obtaining forms, but closing a deal without a lawyer is like walking a tightrope without a net: You can do it, but it's going to hurt like hell if you fall.

The same goes for having a good accountant who will not only keep the IRS from sniffing around, but who has the knowledge to keep you from sharing any more of your profits than necessary with the government.

When it comes to forms, that's another matter. The forms we have developed have come from years of trial and error and a great deal of legal expense. Ours have been designed differently than most attorneys do.

Attorneys typically design forms for the legality of them. Most typically do not know or understand the business side of things. Our forms are *Street Smart*[®]. That means they are not only legal but they capture money-making profit centers that are available in every transaction. Our forms are also designed to provide important disclosures and protection from the pitfalls of every transaction. But as you know, laws vary from state to state and even county and city laws must be addressed in some areas. So be sure to run our forms by your legal beagle and remember to warn them that you want to keep in as many of the profit centers and protections as you can.

EARNINGS AND INCOME DISCLAIMER

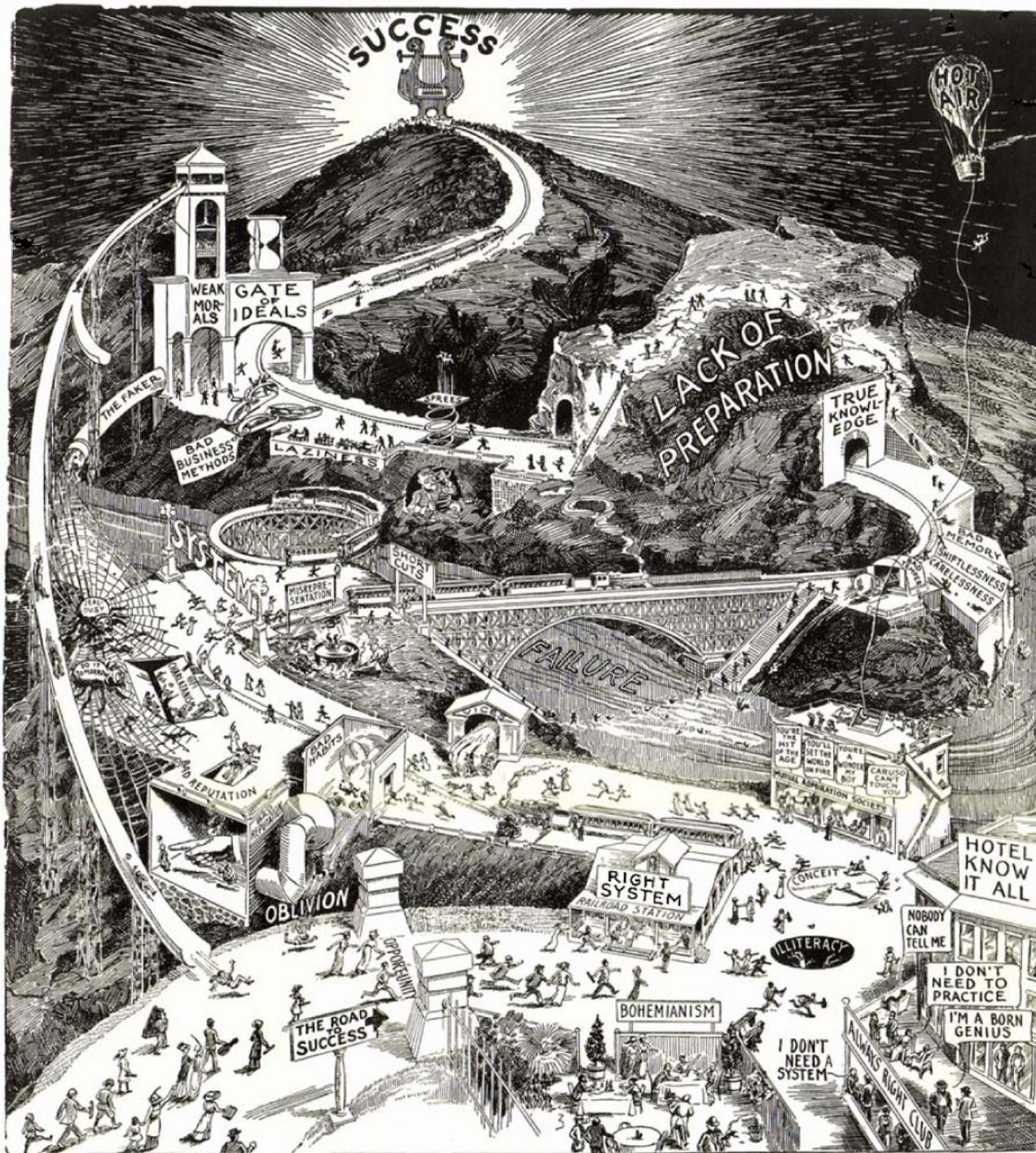
We make every effort to ensure that we accurately represent these products and services and their potential for income. Earning and Income statements made by our company and its customers are estimates of what we think you can possibly earn. There is no guarantee that you will make these levels of income and you accept the risk that the earnings and income statements differ by individual.

As with any business, your results may vary, and will be based on your individual capacity, business experience, expertise, and level of dedication and desire. There are no guarantees concerning the level of success you personally may experience.

The testimonials and examples used are exceptional results, which do not apply to the average purchaser, and are not intended to represent or guarantee that anyone will achieve the same or similar results. Each individual's success depends on his or her background, dedication, desire and motivation.

There is no assurance that examples of past earnings can be duplicated in the future. We cannot guarantee your future results and/or success. There are some unknown risks in business and on the internet that we cannot foresee which can reduce results. We are not responsible for your actions.

The use of our information, products and services should be based on your own due diligence and you agree that our company is not liable for any success or failure of your business that is directly or indirectly related to the purchase and use of our information, products and services.



The Journey to Success

The journey to success for most is a very arduous task. For some it ends in failure. Why does this happen? Why is success apparently easy for some and difficult for others? I believe there are several factors affecting the outcome of your quest for success. Take a look at **"The Journey to**

Success” graphic above. You’ll see everyone enters through the same gate, the **Gate of Opportunity**. Some will immediately **follow the path of success** by boarding **the System train**. This means they realize there is folly in trying to rebuild the road to success. They **look for and find the train** to get on that provides the already complete **direct path to Success** created by others who have gone there before them. Others want to follow their own path. Full of pitfalls and difficulties they follow this path because they want to feel it is their path. Still others choose to take the worst path, creating breakdown and setback along the way, eventually having to start over. Have you ever driven across a meadow? Pretty bumpy wasn’t it? But it’s pretty easy to go down a paved road, isn’t it? You’ll note that those with the easiest path are those who follow the ***System for Success***. The path has been beaten out by many before them and then paved. Nothing is left to do but follow it.

Now take note of the ones who didn’t follow the path. Notice to the right the members of the “Always Right Club”. They don’t need a system. They are born geniuses. Nobody can tell them anything. They live in the “Hotel Know It All”. They have friends also making the journey. They surround themselves with folks who stroke and admire them. They are afraid to hear the truth from someone who is willing to say it. They follow the path of bad habits, bad reputation and vices. They continue on the road of short cuts, misrepresentation, and continue with carelessness, lack of preparation and bad business methods. Have you ever dealt with someone in business that was this way?

As you can see, some have a much easier path to success (wealth) than others. I can point to the truth in this. I have seen students who were willing to just trust and follow the Street Smart System. They got there a lot sooner than those who didn’t trust the system. From kids who had to take title in their parents name because they weren’t old enough to own property... to folks who came to this country with nothing and don’t speak the language to boot. I’ve watched to see what the common thread is. It is trust. Trust that the system works AND it will work for them when they follow it. Trust that when the time is right, issues such as no money, no credit and no experience will resolve itself when the time is right. I’ve seen it time and again. This is why I have no patience for whiners who hang out under the umbrella of why it’s not working for

them. I know my own story of being raised by my mother in a very small old apartment unit. I remember making the decision... "If it's to be... it's up to me!"

It is your choice to follow the path that best suits you, but I hope you'll step back and observe for just a moment. Who do you know whom you've watched follow these various paths? What have you seen them do that creates failure? Do you see the thread that winds through the lives of all successful people? They don't argue with success. They follow a proven path that's been laid out by others. Ask yourself this: Why jump on and off the ladder of success? Take advantage of the trial and error others have already gone through. Follow the plan for success. Obviously the train (system) will get there long before those that are walking. YOU are a big part of the equation. If your head is on straight and you truly believe you can do it, it's only a matter of time until it happens.

You have another decision to make. Do you want right now instant money... or do you want to spend energy today that will pay you for the rest of your life? Such is the decision between Buying and Holding vs. Buying and Selling. To me the buy-sell strategy is akin to having a job. Every day you must do your business. The job and the typical time frame it takes to get the lead (possible deal) machine going and the process of selling, trap you. You create the business through various lead generation techniques, but you must keep the machine going no matter what because you must keep deals coming in to keep the cash flow going. Now you have a decision to make. For many of you cash right now is a need, not a want. For those the buy-sell strategy should be a focus. That's your job. For those with dependable income, building an estate, a foundation of income should be the plan. This is the buy-hold strategy. What is so beneficial about that and what attracts me is that you invest energy once to find, negotiate and close the deal. With good management you have an investment that will pay you a dividend most months for the rest of your life, or as long as YOU choose. That, my friends, is the big difference. You must decide: Am I in the real estate business or am I in real estate investments? Buy-Sell is the

business; Buy-Hold is the investment. Investments have an asset that pays a dividend. That's also where all the tax advantages are as well.

This is not to say that you cannot sell anything. As I stated earlier you may *need* to sell at times because you need the cash. Further, certain deals, such as short sales and other all cash deals warrant selling because the purchase could not be structured in order to take advantage of good existing financing. What I want you to realize is that your direction should begin with a philosophy – Am I doing business or investments? You'll find, as I have, that investing beats a job and pays better in the long run. Now if you haven't done so already, set some goals for the number of properties and the equity you will own in the next 1, 3, 5, 10 years. This should be fun!!

Becoming a Millionaire

Are you tired of feeling insecure about your ability to retire comfortably or pay for your children's college with a "slow drip" IRA or company controlled 401(k) that never seems to gain ground towards the goals you've set?

You should be. Our government created a Social Security system under President Franklin D. Roosevelt. It was supposed to provide retirement income for everyone. But along the way they realized the program was flawed. To begin with, they created a program based on an age of retirement where they already knew that most people would either a) be dead or b) close to death. So the design is that you would donate to the "system" all your life but receive few benefits. But what they didn't anticipate was... replaceable parts.

The government of yesteryear didn't perceive the advances in medicine! Dr. Michael DeBakey... heart transplants. Laser surgery. Heart bypass surgery, a vein from here, an artery replacement from a pig... stents. No, they didn't predict you would LAST! They thought you and most of your buddies would simply CROAK!

Now this is either good news or bad news. Good news if you plan to have choice in your life and can enjoy things. Bad news if you do out live the death curve and have no real retirement plan, I say forget Social Security... it will change so much by the time you are old enough to get any of it that it won't be sufficient. So what about that 401(k) or IRA? Maybe that will help... I hope so for your sake. But I'm not betting on that. I'm betting on real estate. People will always need housing and you can be the one to provide it to them. Become an "Affordable Housing Provider" and you can be the one to get dependable, predictable, monthly checks from your clients – not the government.

There you have it – the reason I am doing what I do and why I am sharing it with you! This is all about CASH NOW and CASH FLOW later.

I'll get off my soap box now and we'll get down to business. Are you with me?

This program will not ONLY lead you to a more secure retirement, but it will help you to protect the money you currently have – which is not easy in today's economy – as well as show you how you can begin increasing your wealth day by day with powerful keys to financial success.

If you are among the lucky, you might already have a great real estate investment experience; you might already know how to create a balanced, money-making portfolio that is just right for your level of risk comfort.

BUT, if you're like most of us, real estate investing seems like a foreign, impossible, complicated thing that doesn't make any sense, right? Especially in today's topsy-turvy market!

Over the years, I have learned that real estate investing is just about the most perfect way to make your investments count. Even in today's crazy home market, there are millions to be made. In fact, the market needs investors just like you to help it recover. Those people who have the right strategies and who are willing to take the lead are going to get rich. It's as simple as that. In this course I'm going to show you a business plan that really works. Stay tuned.

Your Role

You won't learn how to make millions overnight, but you will learn exactly what you need to do to build a solid real estate investment portfolio that can grow and grow and make you and your family financially secure for the rest of your lives.

This is an opportunity that doesn't come around every day, but all I can do is to give you the knowledge and tools you need. You have to take the next step. You have to take what you read here and apply it; I can't do that for you. You will not be successful if you just wait for it to happen. You have to actively seek wealth.

There's simply no better time to start real estate investing than today and no better course than with the *Real Estate Money Machine Exposed*. It gives you everything you need to get started on one of the smartest financial moves you'll ever make. I'll tell you like it is and get you right to the business of learning, growing, and making the money you deserve.

The whole point here is to quickly generate big returns on your time and resources by burning through barriers to entry, cutting the learning curve, and churning through deals in days (sometimes hours), NOT weeks and months.

The long days of hauling yourself from your day job to a rehab site and then home for a couple of hours of sleep aren't for us. No waiting for contractors who don't show up. No worrisome long-term carrying costs. Who's got the time or energy for that? Like I said, we get in, get out and move on. And guess what?

It's all "handled" with a couple of phone calls and a fax or two. You let other people do the grunt work. It doesn't matter what the state of the economy is, or if the local market is terrible. Just make sure you've got someone to count your money.

The most important thing you can do to ensure your success is to believe that you can do it. By the time you finish reading this book, you'll be wondering why people think that real estate is so complicated. If you follow the steps, pay attention to the details, and put in a little effort, you could be pocketing profits before you know it.

Allow me to let you in on a little secret. Real Estate investing has a formula. Any successful business does. Companies who franchise their business plans sell exactly that. They sell their formula for success. And if you have ever checked out a franchise, you know that smart people pay BIG MONEY to buy that formula. They buy the carefully designed Tools, Training, Technology and Team support already proven to work. That's exactly what you'll get from *Street Smart*[®] as well – but without all the costs and restrictions of a true franchise.

In order to learn my system you'll need to have a paradigm shift. [Think of a Paradigm Shift as a change from one way of thinking to another. It's a revolution, a transformation, a sort of metamorphosis. It does not just happen, but rather it is driven by agents of change.]

So that means is that what you believe to be true or even what you've been told is true – well – let's just say there is another way. So while others may have been successful with their approach I don't think it was necessarily the easiest, most profitable or the safest path to the top of the mountain of success. That's what I will share – the easiest, safest... and most profitable path. Others grab your attention with what I call "shiny new things". It looks good. It sounds good. But its beauty quickly diminishes when you discover how hard it is to duplicate.

There are some stark differences between what others teach and believe to be true about real estate and the *Street Smart*[®] way. For example:

- 1) I can show and prove that you don't ever have to go to the bank and qualify for a loan to be a real estate investor.
- 2) I can show and prove that you can make a fortune by not sending your client (buyer) to the bank for their loan.

- 3) I can show and prove there are a limitless number of people who want to sell their houses to you.
- 4) I can show and prove there are a limitless number of people who want to buy houses from you.
- 5) I can show and prove that there are plenty of deals within a few miles of where you live.
- 6) I can show and prove that regardless of your background or experience that real estate can work for you.
- 7) I can show and prove that you do not need a mountain of money in the bank to be in this business.
- 8) I can show and prove that you do not need good credit to do this business.
- 9) I can show and prove that you can create a business buying and selling homes monthly if you choose.
- 10) I can show and prove that you can create a business that not only helps you and your family but impacts the lives of your sellers and your buyers in a very positive way.

That's the real bottom line. If you follow my plan, you will be able to help people when you buy and help people when you sell. By building your business on a foundation of integrity you will be blessed beyond your wildest dreams.

Steps to Success

Step One

So what do you want anyway? Why are you doing this? Income for your family? Nicer home? Better cars? Education for your kids? Retirement? (You better put that one on your list.) So that's a step. Make a list of what you want / need. Find out what those things cost. Add it up. That's the size business you need to build. Yes, it is that simple. Some people will just need a few houses to reach their goals. Others will need dozens, even hundreds to reach theirs. Either is fine. That's what I'm here for. Whether you just want one house for yourself or you want to build a real business with many houses, I'm at your service to help you do exactly that.

Here's a chart that can help:

What Do You Want to Earn

If you want to make \$200,000 per year and you want to work only 40 hours per week, 50 weeks per year... here's the numbers:

$$40 \text{ hours per week} \times 50 \text{ weeks} = 2,000 \text{ hours per year}$$

$$\$200,000 \div 2,000 \text{ hours} = \$100 \text{ per hour}$$

That's right, you need to delegate or delete any tasks that do not or will not yield you at least \$100 per hour. Of course, if your goal is more than \$200,000 per year then adjust these calculations accordingly.

Desired annual income: \$ _____

Number of Hours per week: _____

Number of Weeks per year worked: _____ = \$ _____ per hour

Step Two

Most beginners to real estate investing believe you are nothing without your credit rating when trying to make deals. This belief is widely held by most gurus teaching people how to invest in real estate, but I'll teach you how to use many other resources at your disposal.

Having said that, it is still important for you to take an inventory of your income and assets... I have included a worksheet in this course for you to work with. You need to know how much time you can afford to dedicate to build your real estate business. The more capable you are of treating it like a business, the more successful you will be. Know what kind of cash and resources you have available, even if you don't use them.

Don't worry – this book was designed for the majority of people out there who have not-so-great to outright bad credit, but who are willing to work hard and stay focused. While bad credit can make it more difficult to obtain traditional financing, it won't stop you from taking advantage of the real money-making opportunities that exist. What if I told you that with my system you don't have to go to the bank and qualify for a loan? That's right. I have been at this game for over 30 years, and I have NEVER, I repeat, NEVER qualified for a loan on a single family or small multi-family property. Yet I've done millions of dollars in real estate. Really? Yes! You'll have a number of paradigm shifts when you learn from me.

It Is Still Important To Know Your Credit

These are the 3 major credit reporting agencies:

Experian: <https://www.experian.com/>

Transunion: <https://www.transunion.com/>

Equifax: <https://www.equifax.com/>

You have the right to a credit report from each agency once a year at no cost plus any time you've been denied credit and receive a letter from the company to which you'd applied; you can request a copy of the report they used to make the decision. Request a copy of all three, repair what you need to and repay what you have to.

Would you like to learn more about having great credit? Just go to <https://StreetSmartInvestor.com/credit-repair>. Yeah, it's really good. I use it to help my tenants repair their credit. We've developed and tested resources for every part of this business that you will need.

Step Three

In order to be successful in this business, you need to have contacts. Develop good relationships with your county clerk, a good realtor whom you can trust, an appraiser, a title company or closing attorney, a home inspector, a handyman, and a loan officer. You'll want to have quick and easy access to professionals you trust.

You will also want to develop a database of investors, particularly rehab investors. Don't be afraid to advertise for investors and retail buyers even before you have any properties available. It's important to start developing a buyers list of investors and buyers so you have time to begin screening them – and you can be on the lookout for specific

properties that will appeal to the people on your buyers list so you can make money quickly.

Step Four

Maybe it's just an American phenomenon, but people want to own real estate. There are not many people out there who don't want to own their own home. Finding potential buyers isn't difficult (no more difficult than placing a simple ad in the local paper). What is more difficult is making sure your potential buyer is someone you should work with.

Ask questions; determine whether or not they'll be able to make monthly payments. Do they have a down payment? Even \$1,000 shows a level of seriousness. Don't be afraid to work with people who have had past credit issues, particularly if they've turned things around. Verify with their landlord that they've been paying the rent on time for X number of months and realize that sometimes these are the best tenant/buyers out there. Develop a database of potential buyers and build it weekly.

I've got a whole system to do just that. It's called the *Street Smart[®] House Monster[™]*. It finds the buyers for you before you buy the houses. If you want the lowest risk to enter this business then focus here. Just imagine if you already have a qualified buyer and all you have to do is find a house that matches what they are looking for. Now use the step-by-step process I teach for negotiating a good deal and you'll make a great spread of profit between what your buyer can afford and what your seller is willing to sell for. Doesn't that sound like a great business plan to you? Low risk, high profits, quick cash.

Timing is Everything

As I promised, one of the secrets I am revealing in this book is how to know when to invest. Some of those foolish, get-rich-quick guys that were busted when the real estate bubble burst would say that if you aren't already invested, don't bother... but I know that there is money to be made – I am living proof of it.

Timing is important, and so is location. You need to pay attention to your surroundings, and you need to pay attention to your market. If you live in the Midwest, it does you no good to watch how the market is doing in Florida and vice-versa.

Get local. Pay attention to the market you'll be investing in. Create a target market... get to know the neighborhoods around you. Know home prices; do your research. In our "Millionaire Jump Start" live training event one of the strategies we teach is to get a map, put a pin in the map where your house is at and draw a circle approximately 5 miles around your house. Now travel inside that circle. Find the neighborhoods where you can discover the "sweet spot" of where deals are located. The sweet spot of an area is where the prices of the homes are what "real people" can afford to live. "Real people" is my term for the everyday working family... plumbers, electricians, dental hygienists, hair stylists, store clerks, local government workers, etc.

Once you've found at least a couple of target neighborhoods then drive them regularly and look for opportunities. Vacant houses... houses needing repair... etc. Also in our **Street Smart[®] Buying** system, we provide marketing materials such as flyers, postcards, etc., you can use to ferret out leads. Once you have a lead you'll want to work with a good real estate agent who will do comparables for you for a small fee (they do this all the time) or if you are serious about doing this business then become a member of our **CompWiz[™]** service that allows you to do comparable research to determine the value of any property from your own computer right at home.

Your goal is to buy the properties at the lowest possible cost. It doesn't matter if you sell it at the highest possible value, because you'll be able to sell it at a profit, no matter what. What you're looking for is that magic combination of desperate seller, sluggish market, and a house that is in a good neighborhood but is potentially one of the most run-down homes around. Again, this course is designed to give you some immediate guidance to get you going, but I have a lot more to teach you about this subject.

For example, one of the "Street Smart" ways is to find sellers with existing financing or free-and-clear properties. Well, that is pretty much everyone, isn't it? Yes, but what is unique is how we buy.

My "Louisum" is... **"The Seller IS the Bank!"**

Now I've been buying, selling and holding property for over 40 years and I was blessed to learn this lesson at the ripe old age of 19 when I bought my very first house. I offered the sellers to buy their house "subject-to" their loan. In other words I agreed to take over their existing financing rather than going to the bank and qualifying for a new loan. Big deal? You bet! Saves you time, financing costs, use of your credit... essentially all the things that stop you in this business, this technique overcomes.

It's a BIG DEAL... but one of the themes you'll see repeated throughout this book is you must have the right paperwork. In this case the right paperwork will prevent the lender from calling the loan due!

Find these sellers with existing financing or a free-and-clear property and you're well on your way to huge profits. What you'll find once you start looking is that you can easily find that again and again and again.

The other thing to watch for is neighborhood renewal projects. If the city is focusing on a specific area and handing out money to rehab that area, snap up the properties. It will be worth the government paperwork for the profit you'll make in the end. Some of these type loans are forgiven over time thus making your cost of funds free!

The two most important indicators that will help you know whether or not the property is a good deal are:

- 1) Is the property being sold under duress? (Bankruptcy, foreclosure, death, relocation, divorce, etc.), and
- 2) Can you get the property for significantly less than the current market value of similar homes in good condition with any needed repairs factored in?

If you can answer yes to those two questions — and when you add up all of your costs INCLUDING the cost of rehab and you still come out with a significant (\$5,000 or more) profit, you've just found your golden ticket.

Balance Your Investments

As you build your wealth, you will want to key in on the idea of “asset allocation.” If you've ever been hit up by an investment firm, or invested in a 401(k), you know all about asset allocation. It means splitting your money (diversifying) among several different types of investments so that if one blows up, you still have other profit generators.

In the world of real estate, you achieve this balance in two ways: through the types of properties in which you invest, and what you do with your properties. As you grow, expand, and learn, I fully expect you'll be able to repeat the same process we teach you to buy a three bedroom, two bath home... or a 300-unit apartment complex. That's what I mean by diversifying by type. Once you're comfortable making the offers, you can make similar offers on any type of property you can make a profit on.

But there are different considerations and calculations when you move from single-family and small multi-family properties to larger commercial properties. In other words, the formula changes. We can teach you that too but for now I suggest you build your foundation of income and foundation of wealth with single-family and small multi-family properties then move up from there.

The other way you allocate your assets is by having some properties that you wholesale flip (you just bridge the gap between the seller and the investor/rehabber without even taking title or doing any rehab) and some that you rehab and sell. If you love cash flow, you can keep some for rentals. You'll learn to analyze the deal and let the deal determine which category it fits best in. I strongly suggest that you build a business to deliver this for income now and retirement income later too.

In fact one of the things we do and teach is that in order to get the most money the fastest possible way you should have four main exit strategies for any property you buy... Rent, Rent-To-Own, Owner Finance or Cash Sale (wholesale flips, rehab flips, and Path To

Homeownership cash out sales). We offer most of our properties in all four ways to attract the broadest market and move them quickly.

Again the proper paperwork will deliver the opportunity for you to go down any of these paths instantly depending on who shows up. It also allows you to market to the broadest possible audience. The paperwork to sell, rent, rent with option to buy and owner finance is all located in our ***Street Smart® Holding and Selling*** system.

Pre-Foreclosures, Foreclosures and Post-Foreclosures

You won't make a million dollars in one year just by working with foreclosure listing services, but you need to have a full understanding on scouting foreclosures. You don't have to pay for high-priced subscription services because you'll be using easily available information that you can have for free with very little legwork whatsoever. This section will explain to you how to obtain that information without paying for an expensive service, and which services provide inside data worth paying for.

Foreclosures are just ONE of the many places you can find great deals. Foreclosures is a buzz word that instantly attracts would be real estate investors. But the truth is foreclosures are much more risky and in many cases less profitable than our other methods of acquiring properties.

First of all, you need to understand what a foreclosure is, if you don't already. Foreclosure is the legal process of taking the home that was put up as collateral for a mortgage loan when the payments are not being made. If a person stops paying the payments on their home, the lender has the right to sell the property to get their money back. This leaves the owner of the home with bad credit, no home, and no money, and if the bank cannot sell the property for what is owed, they can even make the homeowner pay the difference in some states by obtaining a judgment against them called a deficiency judgment.

When you stop and think about the increased number of foreclosures that are happening since the real estate bubble burst, it's no wonder the lenders are panicking. It's an ideal place for you to begin obtaining property – because you can help the homeowner get out from under a loan they can no longer afford while saving them from the negative credit rating and the bank trying to go after them for more money after dumping the house.

So, let's step back and look at the different types of foreclosures to see what's best for you. First if you buy "at the steps" you'll need a **stack of money THAT DAY** in order to buy. If you have plenty of money then you're past that hurdle. Next, do you really know what you are buying? Perhaps the property isn't vacant. Do you know what it will take to get the occupants out? What will the property condition be when you finally do get it?

I'm not a big proponent for foreclosures "at the steps" especially for beginners. No. The better and safer deals will be found "pre" foreclosure or "post" foreclosure.

Pre-foreclosure deals can be much safer. Primarily you get the added benefit of working the deal directly with the owner. Many options exist such as 1) buying "subject-to" the existing loan (taking over their loan); 2) having the owner carry back financing; 3) modifying an ugly loan into a pretty one; 4) short sale – having the lender accept less than they are owed for their mortgage... and more. Being in a position to work with an owner offers the most flexibility, the least cost and the greatest safety.

Post-foreclosures are simple. These are called "REOs" – **Real Estate Owned** by the bank. Generally, lender owned property you must buy for cash. But they are still better than "at the steps" because you get to inspect them, make an offer and still get a second chance to inspect closer after your offer has been accepted.

Finding Foreclosures

Finding foreclosure notices is as simple as opening your local newspaper or going to the office of your county clerk. The information provided includes both the physical address of the property and the legal description, as well as the amount owed, who the lien holder is, and when it will be auctioned.

You will find many online services offering foreclosure lists. Don't get sucked in to needing to subscribe to these services. Not only is all of the information easily obtained with a little of your own legwork, but the less you spend here, the more you'll have to invest.

If you are going to use an online service, check out www.FindWiz.info (click on "Buying Properties"). There you will find a compilation of the best links we have found on the Internet. It's like a feast. Be sure to put this in your "favorites" list on your computer and start your search there before you go to any of the major search engines. This is a great time-saver because a lot of the leg work has already been done for you. One you'll want to check out is free foreclosure searches... not only do they let you see what properties are available in the area for free, but you don't have to work with a real estate agent unless you are serious about the property. It's a good way to screen properties to find ones you are really interested in.

Once you've found a listing that looks promising, you can even get detailed information from the county clerk. You can speak directly with the homeowner and find out the situation they are in. You're looking for the "magic" profit making combination – luckily, it's one that happens frequently:

- 1) A seller who needs out but doesn't need a lot of cash,
- 2) A mortgage that has less left to pay off than the property is worth,

- 3) A home that may need some repairs but won't suck up all of your profits in getting there, and
- 4) A neighborhood you know will not detract from an easy home sale.

Pre-foreclosures, as I said before, can be even more profitable. Again, your county clerk website will be helpful in aiding your search. Check to see how foreclosures are done where you live. At FindWiz.info there is a breakdown of how foreclosures are done in your state. Once you find out it could be published in a particular newspaper, or it may require a trip to your local courthouse. It is public information, so you are not doing anything illegal. From the information, you will have access to the name of the homeowner and their mortgage company, as well as how much they owe (critical in determining whether or not to spend your time on it).

With the information you obtain from the clerk's office, you can then contact the homeowner and perhaps prevent them from foreclosing at all, saving them the derogatory credit and bailing them out of the mortgage loan. You don't have to be greedy to make a profit. You can help someone who is in a bind and still make a decent profit. It's okay if you help the homeowner down life's road and let them make a little money on the deal too.

Another great way to find these properties (without having to pay for a subscription service) is to use a realtor. Banks and other mortgage lenders often use realtors to unload foreclosed properties. A realtor can be a huge help, and you will have access to the realtor's tools by developing a good relationship with one now. The challenge is these will be "all cash" offers or will require a new loan.

I have developed over 50 inexpensive ways to find leads that most other investors overlook. You'll find them all in ***Street Smart® Buying*** along with an explanation of each one.

Finally, another inexpensive and quick way to generate leads is to take a look in the newspaper in the classified section under "for rent." It's likely

you'll be able to spot landlords who either rent because they can't sell or wish they'd never become a landlord. Often, you can get a great deal on these properties simply because the landlord is desperate to get out before foreclosure happens. Having good telephone skills is critical. Don't be afraid to pick up the phone and talk to people. Ask questions. First say, "I see you have this property for rent. Would you be interested in selling it?" If yes then ask more questions. I've developed a whole script to be sure all the important questions are asked and ferreting out issues they have, such as finding out if the landlord lives far away from the property and gets stuck coming in to do repairs and collect rents. Be sure to find out how much they owe on the property and feel them out to see if they are interested in getting rid of it. The more frustrated they are with being a landlord, the more likely it is that you can make a profit and help them at the same time.

For the full script and a lot more detail on this see my ***Street Smart[®] Buying*** system. There you'll also find what many consider to be the best paperwork available in the industry. Good paperwork is critical and should not be shopped for "free" on the Internet. Why? Because good, well-crafted systems and contracts are the backbone of a good deal and a strong sustainable business.

Good paperwork delivers these key elements: Profit Centers; Negotiation and Protection. I've spent over 30 years perfecting my paperwork to deliver all three. Most attorney prepared paperwork is generic and doesn't rise to do all of this.

Let's break that down:

- 1) Profit Centers: These are extra profits overlooked by most investors or they simply don't know how to capture them. Well-crafted paperwork backed by a system can add thousands to your bottom line *on each deal* with zero extra effort.
- 2) Negotiation: Well-crafted paperwork negotiates fine points of your deal without you having to open your mouth. Many people are intimidated or confused by negotiations anyway. Just

imagine that your paperwork can take all that discomfort out of it for you.

- 3) Protection: This is what most people use paperwork for. To protect them from the dangers and loss that can happen by not dotting the "i's" and crossing the "t's". Legalities are important. Be sure to have an attorney check your paperwork to be sure local laws and customs are included.

The backbone of my entire system is my paperwork. The main reason is due to the challenges of what can (and will) happen. The key is to have CONTROL. Control over your seller when you buy. Control over your contractor when you renovate. Control over you tenant when you manage. And finally control over buyer when you sell. Good paperwork is loaded with Profit Centers, Negotiation and Protection and delivers it to you on a silver platter.

To learn more about the *Street Smart*[®] System go to <https://StreetSmartInvestor.com>.

Rental Properties

Accumulating rental properties won't give you much more than a big headache – and it's definitely not part of this program. In fact, our advice flies almost completely against the grain of timid, conventional “Buy and Hold” strategies preached by the “guru herd.” Yes, if you hold onto a property for 30 years, it will most likely appreciate in value, and you will make money. But who wants to wait THIRTY YEARS to see profits?

Ignore the chatter that says the only way to make money is the long slow grind, working 60 hours per week, doing your own maintenance and management. The real secrets bypass this road and you'll be stunned by the outcome.

As far as I'm concerned, being a landlord is a different career than what we're discussing in this book. If property management is what you're looking for, it's not hard to find... but it won't give you the financial freedom and quick profits that this system will. You are looking for properties that you can buy and sell, not buy, improve, maintain, collect rent on, and eventually sell.

Look if you want to be a landlord, you can, but don't get trapped into properties without positive cash flow that won't bring a return for years or decades under current projections. If you really want to make money, you need to be in the business of controlling property, not owning it, maintaining it, renting it out, or buying it. It's all about who has control.

Now, as I train you each area of the business, where it gets really interesting and extremely profitable is to use my strategy of buying right and buying cheap and combine that with multiple exit strategies that allow you to move any property quickly. I take a very broad approach... I'm not tied to a single exit strategy like most others. Some say rent... others say flip your way to a fortune. I say do it all and you'll enjoy the biggest profits.

So, unless there is a restriction due to where and how the money to buy was obtained, I'm free to offer the property four ways: 1) rent; 2) rent-to-own; 3) owner financing; or 4) cash sale. What that means is I can expose my property to the full marketplace and meet my first goal of moving it quickly to assure my profitability. I have a number of tweaks to those as well. Work for Equity, Down Payment Auction and others.

The Bottom Line

Buy a piece of property, fix it up, and resell it. It's the mantra of many real estate programs, and, yes, it does work... as long as you don't walk into a rehab and overpay for repairs, which, unfortunately, happens all too often. Unless your hobby is in fixing and repairing property, your goal is to make the most money as quickly as possible on the home... hence the term "flipping". Flipping a house means buying it low and selling it higher and keeping as much of the difference for your profit as possible.

The basic house flip happens when you buy a house needing repairs that has been repossessed, abandoned, or has a seller desperate to dump it. It works because you're able to buy it at a low price, put several thousands of dollars into it to fix it up, and resell it for a price closer to the market price for that neighborhood.

Rehabbing Property

I recommend that you not fall into the trap most beginning investors do. They surmise that money is saved by doing the work themselves. I assert that for most people this is a false economy. Why? Because it will take you approximately four times longer to do yourself than it would take a professional. So decide this – are you an investor or are you a contractor? Choose one and become a master.

TIP: Investing can make you a LOT more money than contracting can.

If you are going to flip a house, the two main rooms you need to worry about are the bathroom and the kitchen, but those are also two areas that can be a complete nightmare if you don't know what you're doing... whether you insist on doing the repairs yourself or hire it done, focus on the following:

- Replace or repair the tub, sink, and toilet. You can lose thousands dollars by ignoring this. Find a good porcelain surface refurbishing company. The tub will look new at a fraction of the cost of new and you can pocket the additional profit.
- With superstores with reasonable prices like Home Depot and Lowe's, don't hesitate to put in new faucets, sinks, and toilets. You can get these items very inexpensively, but they add thousands to the resale value of the home. Fresh upgraded ceiling fans payoff big time.
- Unless the kitchen is perfect, replace the cabinets (buy the ones you assemble and install yourself and save thousands), replace the countertops and lay new linoleum or laminate flooring. It's a sure way to sell faster and higher. Depending on the price of the home, consider ceramic tile, it doesn't cost much more.

I'm not going to spend a lot of time in this overview of real estate investing on style and design... there's some great programs on HGTV that do that.

Rehabbing, in case you haven't figured it out yet, takes time and money. Sometimes it takes A LOT of time and a LOT of money. That's why rehabbing isn't what this book is going to teach you. I've made a LOT of money renovating property, but if you are just getting started I want you to make money with as little out of your own pocket and as little risk as possible. I suggest you look at it this way – ask yourself, “How can I make the most money with the least money invested and the least effort in the fastest time frame possible?”

Therefore, in some markets and with some deals the only way to make money is to force appreciation through repairing, updating and upgrading the property.

Finding an EXPERIENCED contractor with good recent references will get you there. However, once again, having the right paperwork to control that contractor is critical.

Do your homework first. You decide what you want before you bring in the contractors to give you bids. Then ask them for their suggestions on how to do it better or cheaper. But once it is decided, write up the “Scope of Work”. Get all your bids against a single scope of work so everyone is bidding on the same job with the same grade of materials. Once you have selected the contractor to do the rehab have them sign an Independent Contractor Services Agreement. For more details on this and for the contracts see the ***Street Smart® Holding and Selling System***.

Lease Options

If you thought the days of six-figure profits from flipping properties were all but gone, it's time to make a change to workable, profitable real-estate strategies that account for and exploit current investing realities for maximum leverage going forward. You can call me a mercenary investor, but I'm not here for "pride of ownership." I'm in it to make the easiest, quickest money possible – which is why it is important to understand the role moneylenders have played and what you can do to have a piece of their profits.

One of the best ways to make money in real estate is to refrain from having to use any of your own money to make a profit by investing with no money down. The best form of no money down investing is the option or the lease option. With just a few hundred dollars up front, you can make cash, develop a monthly income, and also a residual income – and you don't even have to be the property owner to make the money!

More good news is that you can BUY on lease option and sell with a Lease Option as well. But, depending on which you are doing, you'll need different paperwork for each. In exchange for a certain amount of money per month, the tenant (you, if you are buying) has the "option" to later purchase the property. The right paperwork even negotiates that a portion of the lease payment becomes the down payment toward the purchase of the property. The price of the property is agreed to in the option agreement. You should have two separate agreements: a Rental Agreement (aka Lease) and a *SEPARATE* Option Agreement.

When you are selling on Lease with the Option to Buy there are many benefits to a lease option:

- 1) You can charge more per month than you would for a rental.
- 2) If the tenant decides not to buy the home, the non-refundable option money is yours to keep.
- 3) You attract different clients – clients who are looking to own a home, who consider the home theirs while leasing it from you

because they are paying for their right to a future purchase. Even if they decide not to buy at the end of the lease term, they usually cared for the property better than typical renters because they were working towards ownership.

- 4) You can help people own homes who might not otherwise be able to purchase, because they'll be building up a down payment a small amount at a time.

Under the program I have perfected over a 30 plus year span, I give potential buyers (Lease Optionees) up to three years to exercise their option. I give them credit of part of their monthly rent (if paid on time) towards the purchase down payment and I give them full credit for their original non-refundable option consideration towards the purchase down payment as well.

But I even make it more enticing... I allow them to convert to our owner financing program at any time... once they have built up or paid the appropriate down payment amount in order to qualify to convert over to our owner financing program.

Again, it's all built into the carefully crafted and perfected paperwork. See the ***Street Smart® Holding and Selling*** system for more details.

Because you still own the property, you get the tax write-off of depreciation, property taxes and insurance costs during the lease period, and if the tenant defaults, you are still on the deed and can re-sell the property after a simple eviction process (not a foreclosure).

The buyer benefits, as well... not only do they get to slowly build up a down payment with the monthly option credits, but they also have a predetermined locked-in price for the house. If the market suddenly swells, they realize the additional equity when they make the purchase.

You'll remember before that I said you could make money with this method without even owning the property. It's true, and it's easier than you think. All you do is find motivated sellers who are willing to sell to

you on a lease option and then match those homes with buyers who want to buy on a lease option. It's really that simple.

The Ultimate Strategy – Start your quest to earning huge profits by:

- 1) Developing a list of potential buyers by placing ads in the paper and online seeking people in the niche you're seeking. Ads should read something like this: *"Are you tired of throwing your money away on rent? Purchase a home now with little or no money down. We can help with Grant Money too."* Develop a database from the responses you get, which includes how much they can pay per month, how much they can put down, what size house the buyer is seeking and where they want to live.

I have developed an entire marketing campaign system around this I affectionately call the "**House Monster**[®]". He eats up houses and delivers piles of cash to you. The way he does it is by first finding buyers, then buying houses at a discount to match what it is that they are looking for.

- 2) Find property. Find motivated sellers (if you haven't already) from whom you can purchase property using a lease option or buying "Subject-To" taking over the existing financing on the property. If you are having trouble locating a seller, check eviction notices that have been filed – you'll be likely to find several disgruntled landlords who, 1) are already willing to take monthly payments and, 2) are probably more than ready to get out of the landlord business.
- 3) If you can't buy "Subject-To" then Lease to Own the property for the longest maximum lease period (at least two years), negotiating the lowest possible monthly payment, the lowest deposit, and the lowest purchase price you can. You **MUST** do your homework here – don't promise to buy something without looking at it and making sure the repairs won't suck away your profits. Make sure the house will be worth **MORE** than your agreed purchase price (check the house comparable sales around the neighborhood).
- 4) Once you've placed the property under contract, subject to partner's approval (see the Purchase and Sale Agreement in ***Street Smart***[®])

Buying, which contains that clause and a lot more profit centers, negotiation and protection). Then immediately go to your database of potential buyers and find the ones who will be interested in the house you just placed under contract. Rent, Rent-To-Own or sell it to your buyer with more down, more per month, and a higher purchase option (and a shorter lease term than what you bought it for). You make money on every front, without possibly ever owning the property or even having any out of pocket expenses.

Legal Stuff: In order to prevent problems should your potential buyer default; do not ever let your Optionee-Buyer pay the taxes and interest on the property. Also, as I shared earlier, your lease and option agreements should be two separate documents so as to further prevent legal issues. This will secure your right to evict and not have to foreclose on defaults.

Less Deals, Less Work, BIG Profits

One of the most profitable and most overlooked areas of real estate investment is probate properties. Probate just means that the owner of the property is deceased, and the property is in the hands of the executor of the estate who is in charge of distributing it to the proper heirs under the supervision of the court.

The goal of most executors is to liquidate the estate as quickly as possible so that the cash can be split among the inheritors. Most inheritors are more than happy to take a reasonable price for the house because they can't split the house three ways as easily as they can split the cash from the sale. An even better twist is to offer them payments over time. Yes, heirs can accept owner financing. My favorite is to offer to pay them when the property sells... another is to offer annual payments.

One of the greatest things about probate properties is that you can often make extremely big profits without using a dime of your own money.

I'll repeat that: You make no investment, but you make big profits.

If you do have to spend your own money, it will be a minor amount (less than \$100) to pay for filing fees, copies, and information access at your local probate office, typically located in your county clerk's office.

As with any property, look for specific properties in probate that will meet your needs. The property should be easy to sell: Typical three-bedroom, two-bath single-family homes are the best. Unless you live in a place like Manhattan, where a one-bedroom studio can fetch a million, or in a place like Chicago, where the demand for one-bedroom one-bathroom condos has driven their price close to \$300,000 or more, you're going to want to stick with the standard working-class neighborhood homes.

The other possible benefit of these houses is that it may be slightly dilapidated and needs to be rehabbed... NOT ready to be condemned by the city, but in need of a bit of work to get it ready for the market – work the executor doesn't have the time, the money, the knowledge or the inclination to do.

Yes, you might be able to go in and steal a house for a bargain from a depressed widower whose spouse just passed away and make a huge profit, but that's not the kind of business you need to do to be successful. Choose deals where everyone can get a fair deal: The executor makes enough money to satisfy the needs of the estate without having to invest a lot of time and money into fixing up the house, you get a house at a fair value, and no one gets taken advantage of.

To find properties that are in probate, just go to your county clerk's office or look them up on the county's website if available. If you're jumping right in to following this book, you will quickly become a familiar face; if not, you should definitely begin getting comfortable there.

Unlike other areas of real estate, most county probate files are not accessible online. A probate file is a goldmine of valuable information about the deceased and all they were able to accumulate over a lifetime. Further you can easily find out who they loved (maybe) as these are the heirs to the estate. All this personal and financial information is likely what will probably keep these records from being easily accessible to the public online for a long time to come.

Your probate office will have a list of deceased persons whose estates are in probate. The information you will be able to obtain will include contact information for the administrator or executor as well as information about the property. You are NOT looking for properties that have an estimated value of what every other house in the neighborhood is selling for. There's no profit in that for you. You're looking for the house that they list on the records at 30–60 percent under the value for the neighborhood, or situations such as poor condition or only one heir which give you plenty of negotiation room.

After you've located the files with properties, you need to talk to the executor. You might be more successful with a letter than a phone call, but it's up to you how to approach the executor. Once you are in touch with him or her, you need to find out if the property is in need of repairs. You are, obviously, hoping that it does. The next thing you need to find out is whether or not the property has a mortgage. This can be a deal-breaker if the mortgage is too high to work with. You need the mortgage plus the cost of repairs to be less than (by a considerable amount) the amount properties are going for. Another option is to assist the estate in getting the lender to accept less than they are owed for their mortgage – this is called a “Short Sale”.

Once you've determined the property fits your needs, schedule a time to see it. Remember, to find the biggest pool of buyers you want minimum three-bedroom, two-bath properties that need some work and aren't over-burdened with high mortgage payments. My favorite probate negotiation is to have the estate (heirs) carry back financing due when the property sells or with annual, semi-annual, quarterly or monthly payments.

Before you decide to make an offer on the property, do the math! Make sure the cost of repairs plus the purchase price on the house PLUS the profit you want to make will not cost you more than you can sell the home for. Be sure you can see a significant profit that will wipe out risk and deliver a clear profit to you.

When you're looking at the home, determine what costs you'll have to incur to fix the place up. Here's where tools come in handy again to protect against loss. I created a detailed checklist that I use to quickly check off as I walk through a property to remind me what to look for. It's called the Interior (or Exterior) Inspection Checklist. You'll find it in ***Street Smart® Holding and Selling*** (Renovation Quick-Start section). You can fix the place up for yourself or if you'd rather just make some quick money and move on go to your database of investors and find a buyer.

The advantage of probate properties is that you can be the bridge between the executor and a rehabber/investor if you don't want to make the repairs yourself, a technique called *wholesaling*. Wholesaling will bring your profits to a whole new level, while allowing you to work less (four hours a week), with less cash up front (no start-up money required) and using none of your own credit (perfect for those with less than perfect credit). In fact, there is no reason why you cannot begin profiting from wholesaling right NOW.

Earlier I said building a retail and wholesale buyers list will make this a quicker and safer way to make a fortune in this business. If you've already started developing a good database of investors / rehabbers you on your way to riches. Since the typical investor / rehabber can pay cash for the property, closings happen fast – which means your profit happens fast! As you've been searching for properties through probate, you're certain to come across properties which require a more extensive amount of work to be considered sellable or livable.

For example, your probate house is for sale for \$50,000 and three comparable homes in the area just sold for \$120,000. It will take \$16,000 to rehab, leaving \$54,000 to play with. Make an offer on the house for less than the asking price (somewhere between \$42,000 and \$48,000 depending on your market). Keep in mind that you are only acting as an intermediary here... that your work is simply finding and securing the rehab property and that the end investor / rehabber will want to profit as well. Then, you contact your list of investor buyers and let them know you have a \$120,000 ARV property (**A**fter **R**epair **V**alue) and offer it at \$62,000. You make \$14,000 without doing anything more than matching up the executor with the rehabber. Again the proper tools (paperwork) must be used to protect your profit and show clearly what you are agreeing to do. When I do a wholesale deal where I'm making a profit between my seller and the ultimate buyer I use my "Assignment of Purchase and Sale Agreement" from ***Street Smart® Buying***. This protects my profit through to the closing. The closing attorney or title company will see that I receive my profit when presented with this document.

Another option is to rehab the property yourself (this takes more time, money and has inherent risk if you are not an experienced rehabber) but hiring the right contractor you'll make nearly three times the profit, but you run the risk of repairs costing more than you expected and of not being able to sell the property at full price, too. So you might decide \$14,000 isn't too bad for an afternoon's work.

The Contract

Some really important things to remember here: One, your offer to purchase the property should be contingent upon your “partner's” approval. Basically, you're giving yourself an out to avoid closing if you can't find an interested investor. Second, don't get too greedy – the investor/rehabber will probably not sell it for the full \$120,000 price, and even if he does, he'll need cushion for the time that he's holding the property and in case there are unforeseen issues. Third, no matter what the realtor / seller tells you, never put up more than \$10 earnest money with your offer.

Just in case there are unique laws in your area, BE SURE you consult with an attorney to ensure that you use the proper wording on your offer so that if you cannot find an investor, you can back out of the deal – another important reason not to offer earnest money unless the offer is accepted. Again the proper tool (paperwork) with built-in profit centers and protection comes in. The “Standard Real Estate Purchase and Sale Agreement” (buying version – included in this report) is a great foundation to start with because it's been developed over 40 years of use and has been successfully used by investors all across America.

If you have time to play with and have trouble finding an interested investor on your list, run an ad (don't spend a ton of money on a local paper; advertise nationally in a recognized publication like *Thrifty Nickel* and place free ads online (on your own website, on Craigslist, etc.).

What investor would be able to resist this ad:

Fixer-upper in nice neighborhood
Worth \$120,000 after rehab
Buy now for \$62,000
YourSellingWebiste.com
Call NOW 555-555-5555

Even if the house needed \$20,000 in repairs and only sold for \$105,000, an investor would make \$23,000 on the deal. They'll be coming to you in droves. Note that, in the ad, you can ask for more than you need; it gives the investor/rehabber negotiating room without cutting into your premium by too much. This can also help to build a great buyers list so be sure to get all of their contact information... even if the property has already sold.

One last thing to do is to make sure you really get paid: If you are working with an investor for the first time, or if it is an investor who has answered an ad in the paper, make them provide proof of their ability to make the purchase. It might seem awkward, but not nearly as awkward as losing your profit or being stuck with a property you never intended to own and don't want to spend the time fixing up to resell.

Once you have your investor/rehabber in place, everything happens quite easily. You sign a sales contract, collect earnest money from them, and submit the sales contract to the original seller. Let either your lawyer or title company handle the closing, so all you'll need to do is just pick up your check.

More Seller Leads

You can attract highly motivated sellers, and it doesn't take much work, either. You should be prepared for your phone to start ringing off the hook. To attract the sellers you are looking for, place an ad. (I've actually had lots of luck with a simple roadside sign that says, "We buy houses fast – CASH!" with a phone number and web address). Regardless of how you do it, get the word out that you buy houses, buy them for cash, and that you can make a deal happen quickly. The kinds of sellers you seek – ones whose homes are on the brink of foreclosure, landlords who can't take another day of torture from their tenants, and people who desperately need to move or have already and have an empty house they're paying for – they'll all come running.

For each interested seller, gather as much information as you can about the house, including the financial situation. There are situations to avoid: If the seller owes more than the house is worth or if the seller is looking to make full price on the sale, don't waste your time. If, on the other hand, the seller was transferred out of town or has a house sitting empty and they only owe a fraction of what the house is worth and want just enough extra cash to make them feel good about leaving – start making more room in your wallet, because you're going to need it!

Sample ads to drive sellers to your door:

We Buy Houses For Cash

- **Want to avoid the timely hassle of listing your house with a realtor?**
- **Going through a divorce?**
- **Going through an estate settlement or probate?**
- **House is to run down to put on the market?**
- **House been on the market for too long and you want to sell now?**
- **Need cash in a hurry?**
- **Inherited a house you do not want?**

Cash Buyer – Can Close Quickly – 770-555-1212 – Call NOW!

A Buyer With Cash! Top \$\$! Any condition or situation – Local Buyer
Call 770-555-1212 NOW

Having a hard time selling your property? Has your home been listed, and the listing has expired? Need to sell your property fast? Do you owe more than the house is worth? Fallen behind on your payments? Tired of dealing with city and town governments? Are you relocating? Just tired of being a landlord?

Cash Buyer – Can Close Quickly – 770-555-1212 – Call NOW!

Asset Protection

Earlier I talked about the three segments of the business you are building: 1) Buying; 2) Holding and Selling; and 3) Protecting. Yes, this one is equally important as how the money is made.

What's the point of making all this money if you don't protect it? If you're following my advice so far, you're building a good relationship with a lawyer and an accountant, so if you don't believe me, ask them: to protect your assets and your income, you need to incorporate your business!

The most important thing incorporating does is separate you, the person, from you, the real estate empire. In other words, you, the person, and the homes you own, the real estate you own for your own personal use, your personal savings and banking accounts – they cannot be touched by someone who decides to sue your business.

I'm not saying that is even remotely likely to happen, but let's say you're rehabbing a property, and something goes wrong, and someone gets injured and decides to make it their retirement plan... you do NOT want to lose your personal property and savings to someone or some circumstance like that. By incorporating, you have a business entity that has its own bank accounts, its own insurance, and its own set of protections...and most importantly, it's completely separate from you. What the business does or what happens to the business cannot affect your personal wealth. You cannot use your corporation for fraudulent activity, or all of those protections go out the window (think Enron).

The other great thing about incorporating is that you can choose to incorporate your business in any state you wish, regardless of where you do your business. That allows you to take advantage of the cheapest available tax rates for your business and could save you an extraordinary amount of money. And you still completely control everything.

The other advantage to incorporating is that the ownership of the properties in which you invest will reflect the name of the business and

not your own personal name. Not only will that protect your privacy, but it will keep the creeps at bay who would otherwise sniff out your millions.

Incorporating your business may sound intimidating, but it is really not that difficult to do. There are some simple steps you need to follow, like applying for a tax identification number (you can do it online and get the number immediately). You need the tax ID number to open a bank account.

When should you incorporate? Well, if I didn't think it would have scared you away, that would have been step one, so basically, it's never too soon to make it happen. Not only will you reap the benefit of asset protection and anonymity, but you will immediately have the benefit of tax advantages, business write-offs, and capital gains (how you make more money). You want to incorporate before you buy a lot of business equipment, because all of that equipment can be depreciated through the business to reduce your taxes (again, you'll have an accountant to sort through all of this, so you just need the basic understanding of WHY).

You can choose to incorporate in any state, but you may have heard that Delaware and Nevada are very popular. Nevada does not have state income tax, which makes them very popular, however, they now charge other fees. Delaware's ease of incorporating is probably the best in the country. Wyoming also doesn't have a state income tax and also has a very easy procedure for setting up your entity. Having said that, you still may be more comfortable with incorporating in your own home state. No matter how you do it, you're going to save money. To get started, talk to your attorney, talk to your accountant, and visit:

<https://FindWiz.info/Corporations>

Gives you the links to the various government websites to walk you through the basics of incorporating in your state.

There are many choices for the type of entity you set up, but the best type is an LLC, or "limited liability company." Not only is it cheaper and

easier to set up, but the reporting requirements and management requirements are much simpler than a straight corporation. Only you know your exact situation, though, so definitely consult with your attorney before you decide how to proceed.

There is one more step I've incorporated into my ***Street Smart***[®] strategy that offers added benefits you cannot get from a corporation or an LLC. It's called a Land Trust. It can do things a corporation or LLC can't do. For example, it can avoid probate. That's the process where the courts take the property of the dead person and gives it to the rightful living heirs. Done right a trust does that for you, eliminating the cost, delay and confusion of probate. But that is just one of the over 30 benefits of trusts I've discovered that can't be delivered well by any of the other entities we've discussed. Combined they become a killer strategy for asset protection, privacy, estate planning, tax savings and more. I discuss these in detail and provide all the tools (forms) and training in the Land Trust system (only designed to hold real estate) and in the Personal Property Trust system (for everything else in your life).

Yes, the truth is you can do this yourself and save a fortune. But even if you have someone else do it for you, you should have a complete understanding of where the bones are buried. A reason to do this now is that another benefit of Land Trusts is you can place or buy each property into its own trust thereby separating liability and creating more privacy. Again there are about 30 more benefits to this little-known yet extremely powerful entity structure.

Okay, now we've come this far. If real estate investing turns you on there's a LOT more to the story.

I've made a career of this... over 40 years buying, selling and holding real estate. I've seen good times and I've seen bad times. I've made plenty of mistakes along the way. Mistakes, I'm happy to say are avoidable – if you know about them before you make them. Isn't it true that you don't know what you don't know? Of course it is. That's the trick. That's the hidden secret. That's what you need to know.

Think about it. Isn't it true in medicine? Don't some doctors have the answers when others don't? Don't people literally die due to that lack of knowledge? You bet they do. The same is true of lawyers. Some know what will work not because of the law but because of experience.

So it is likely that whatever challenge you will face in your investing career, it has already happened to me. Yes, I've been there and done that. And you can rest assured that with the right attitude and investment of time, money and commitment, that you have come to the right place.

For a business to be successful I say there are four critical elements that must be present: Tools, Training, Technology and Team – Coaching and Mentoring. Without any of these your business can fail – or at least take a lot longer to succeed and likely at a far greater cost due to mistakes that you could have avoided.

So my best advice to you is to get onboard and stay onboard. Don't let all the shiny new objects that will surely cross your path distract you from your commitment. Do as I tell you to do, get what I tell you to get and take the actions I tell you to take. Do this and hang in there long enough and you will be very successful. It's that simple.

The Next Step on Your Journey

The next step for you may be to go ahead and obtain the system I've developed over the last 40 years. It's called the "Whole Enchilada[®], Jr." It has all the Tools, Training, Technology and Team to get you started and help you get some deals under your belt and money in your pocket. If you are not ready to make that commitment (but I don't know why you wouldn't be) then get my 250 page book "*Buy, Hold, Sell*"... (available through Amazon for \$24.95 or get \$5.00 off by going to <https://StreetSmartWiz.com/BHSbook>) it has a 20 step guide to take you down the right road to the fastest success in real estate. Also get the six hour video set. It will show you the path the book reveals. Call my office at 1-800-578-8580 now. The key to your future is at hand. \$39.95 will get you both the book and video set. If you like what I've taught you so far you'll absolutely love learning how to create your buying, selling and holding path to wealth.

Standard Real Estate Purchase and Sale Agreement

To get you started making some money right away I've included just one of the over 300 carefully crafted forms available in the *Street Smart® Whole Enchilada®*.

Remember, I said that the right form has Profit Centers, Negotiation and Protection contained in it. Well, this one is a great example of that. Take a few minutes to read this form and see if you can find them. Then listen to the audio recording on my website at MillionaireJumpStart.com/psa, which will take you line by line through this Purchase and Sale Agreement and explain a lot more about the all important clauses and how to fill it out. It will also help to be able to read the form as you listen, but it is not mandatory. Even a single sentence in this form can make you a fortune.

Use the *Street Smart®* STANDARD REAL ESTATE PURCHASE AND SALE AGREEMENT (BUYING) – Form BSH-1301-B... when YOU are the Buyer. It is far from “Standard” because it contains many Street Smart Secrets which create profit, save money and secure your deal from the seller getting out easily. It does, however, contain some provisions which would make it fairly easy for you, the Buyer, to get out of the deal. It has many provisions which are not included in any Realtor agreement. “Subject to”; Seller pays all closing costs; owner financing provisions; all built in are but a few examples.

TIP 1) Many times I let the contract do much of the negotiating for me.

TIP 2) Since this is the “Standard” agreement many times the Seller does not argue about the closing costs. This could add \$1,000 or more to your bottom line and reduce your cash outlay.

Here's 10 more Street Smart tips to help guide you through the mystery of negotiating and filling out the contract.

TIP 3) It really helps in a negotiation when it looks like you've given up something you didn't have to when you agree to pay some of the closing costs by altering the preprinted form.

TIP 4) You'll notice that if your offer includes seller financing that when you read paragraph 14, it doesn't refer to an interest rate. This allows you to receive owner financing as a zero interest loan.

TIP 5) You'll notice the automatic extension in paragraph 6, which prevents your seller from waiting you out when they decide not to sell, or to sell to someone with a better offer, after entering into a contract with you.

TIP 6) This agreement allows for an "escape" if you have made a bad deal or have a funding snafu. Paragraph 8 states that the agreement is subject to an inspection and acceptance by Buyer and/or his associates after acceptance. This would allow you a re-evaluation and ability to re-negotiate if you make an unwise move.

TIP 7) If you use any other agreement to buy, such as a Realtor's contract, put "Subject to partner's approval" in the "special stipulations" section, usually near the end of the contract.

TIP 8) This agreement has a built in assignment clause, allowing you to assign the agreement to a third party if you want to earn an assignment fee. A Realtor's contract usually doesn't allow this... if you sign one of these, add a hand written "and/or assigns" after your signature. By doing this, you will then still be able assign the contract, regardless of what provisions the agreement may contain because hand written language take precedence over preprinted or typed language.

TIP 9) Of course "Subject To" (paragraphs 1E & 1F) existing financing is not in a Realtor's contract. It's built in here because sometimes a seller will allow you to "take over" their payments until you sell the property. This is a tremendous benefit to us as we don't have to use our own credit availability, allowing us to save it for other deals where a new loan is the only way we can buy. This technique doesn't work in every case, but it sure is great when it does. When using this concept, you will need

to create a Land Trust. See ***Street Smart® Asset Protection – Land Trusts*** course for a checklist and forms when buying “Subject-To” when the loan documents contain a “due on sale” clause.

TIP 10) When completing the purchase price section, paragraph 1, if your purchase price is an exact amount then check the “exactly” box in 1 G and the “approximately” boxes in 1B & 1D. Whereas, if you are giving the seller an exact cash amount as a down payment (also known as “Cash to Control”) and taking the property “subject to” the mortgage balance(s) then check the “exactly” boxes in 1B & 1D and the “approximately” box in 1G.

TIP 11) The buyer and seller should get an original of the final contract. Also give a copy to the closing agent (attorney or title company) so they have the information necessary to research the title and close the sale.

TIP 12) Don't be afraid... the right paperwork is your friend. It can make you a lot of money and keep you out of trouble.

Oh, and one more - this is the BUYING version. Only use this to BUY property. I have different version to use when selling property in the ***Street Smart® Holding and Selling™*** system.

For a more complete understanding on how to fill out and use the Street Smart Real Estate Purchase and Sale Agreement listen to the audio CD included with this course.

If you like what you see just from this one form imagine the impact this system will have on your business. Stop trying to patch things together... we have it all... Integrated, Coordinated and Complete.

To Your Abundant Profits



P.S. I would love to have your feedback and testimony about this powerful course. Please email me at StreetSmartLouis@LouisBrown.com.

STANDARD REAL ESTATE PURCHASE AND SALE AGREEMENT

Parties _____, hereinafter referred to as Buyer, and _____, hereinafter referred to as Seller, which terms may be singular or plural and include the heirs, successors, personal representatives and assigns of Seller and Buyer, hereby agree that Seller will sell and Buyer will buy the following property, with such improvements as are located thereon, and is described as follows: All that tract of land lying and being in Land Lot _____ of the _____ District, _____ Section of _____ County, and being known as Address: _____ City: _____ State: _____ Zip: _____ according to the present system of numbering in and around this area, and being more particularly described as Lot _____, Block _____, Unit _____, Phase/Section _____ of _____ Subdivision, as recorded in Plat Book _____, Page _____, _____ County, _____ records together with all light fixtures, all electrical, mechanical, plumbing, air-conditioning, and any other systems or fixtures as are attached thereto; all plants, trees, and shrubbery now a part thereof, together with all the improvements thereon; and all appurtenances thereto, all being hereinafter collectively referred to as the "Property." The full legal description of said Property is the same as is recorded with the Clerk of the Superior Court of the County in which the Property is located and is made a part of this Agreement by reference.

Seller will sell and Buyer will buy upon the following terms and conditions, if completed or marked. On any conflict of terms or conditions, that which is added will supersede that which is printed or marked. It is understood that the Property will be conveyed by General Warranty Deed (unless otherwise specified in paragraph 17), with covenants, restrictions, and easements of record.

1. **Total Purchase Price** to be paid by Buyer is payable as follows:
 - A. Earnest money deposit check ; or promissory note , which will remain as a binder until closing, and be held for Seller by closing agent (chosen by Buyer) for Seller until closing, unless sooner forfeited or returned, according to the provisions of this Agreement. \$ _____
 - B. Balance due at closing (not including Buyers closing costs, prepaid items or prorations) in U.S. cash or locally drawn certified or cashiers check. approximately ; exactly \$ _____
 - C. Proceeds of a new loan to be executed by Buyer to any lender other than Seller; Name of Lender: _____ \$ _____
 - D. Seller financing as herein set forth in paragraph 14. approximately ; exactly \$ _____
 - E. "Subject to" existing loan balance encumbering the Property \$ _____
 Lender _____ Loan # _____
 Interest Rate _____% Fixed Rate ; Adjustable Rate ; \$ _____/month
 Includes Principal ; Interest ; Escrow: Taxes ; Insurance ; HOA
 - F. "Subject to" existing second loan balance encumbering the Property \$ _____
 Lender _____ Loan # _____
 Interest Rate _____% Fixed Rate ; Adjustable Rate ; P&I \$ _____ per month
 - G. **Total Purchase Price:** approximately ; exactly \$ _____

2. Seller Will Pay: Seller will pay all closing costs to include: Recording Fees, Intangibles Tax, Credit Reports, Funding Fee, Loan Origination Fee, Document Preparation Fee, Loan Insurance Premium, Loan Discount, Title Insurance Policy, Attorney's Fees, Courier Fees, Overnight Fee, Appraisal Fee, Survey, Transfer Tax, Satisfaction and Recording Fees, Wood Destroying Organism Report and any other costs associated with the funding or closing of this Agreement, Buyer will pay all additional monies. All taxes, rentals, condominium or association fees, monthly mortgage insurance premiums and interest on loans will be prorated as of the date of closing.

3. Payment of Expenses: If Buyer fails to perform, all loan and sale processing and closing costs incurred, whether the same were to be paid by Seller or Buyer will be the responsibility of the Buyer, with costs deducted from binder deposit. If Seller fails to perform, all loan, fee obligations, appraisal, survey, credit report, application, sales processing and closing costs incurred whether the same were to be paid by Seller or Buyer will be the responsibility of Seller; and Buyer will be entitled to the return of the binder deposit. This will include, but not be limited to the transaction not being closed because Seller is unwilling to complete the transaction, or because Seller elects not to pay for the excess amount in paragraph 8 (with respect to repairs) or because Seller cannot deliver marketable title.

Initials: _____

4. Prorations: Any accrued loan interest shall be prorated to the date of closing. Seller will assign to Buyer, at no cost to Buyer, Seller's escrow account and property hazard insurance policy, and/or any refunds which may issue, in lieu of proration of all taxes, association fees, monthly hazard insurance premiums, and monthly mortgage insurance premiums as of the date of closing. Seller will bring any escrow shortage current at closing. In the absence of an escrow account, taxes shall be prorated as the date of closing. If this is rental property, rents are to be prorated as of the date of closing and any deposits of any kind or nature are to be transferred to Buyer at closing.

5. Wood Destroying Organism Report: "Wood Destroying Organism" means any arthropod or plant life, which damages a structure. Seller will have property inspected by a State Certified Pest Control Firm, within seven (7) days of this Agreement, to determine whether there is any visible active wood destroying organism infestation or visible existing structural damage from wood destroying organisms to the improvements. Buyer will be informed of either or both of the foregoing and Seller will have seven (7) days from receipt of written notice thereof within which to have all such wood destroying organism damages whether visible or not inspected and estimated by a licensed building or general contractor. Seller will pay costs of treatment and repair of all structural damage up to one percent (1%) of the purchase price. If such costs exceed the amount agreed to be paid by Seller and Seller declines to treat and repair, Buyer will have the option of (a) terminating this Agreement, (b) proceeding with the transaction, in which event Seller will bear costs equal to one percent (1%) of the purchase price.

6. Title Examination, Place and Time for Closing: **A.** If title evidence and survey show Seller is vested with a good, clear and marketable title, subject to permitted title exceptions contained in a national title insurance company commitment at its standard rates (permitted exceptions are for restrictive covenants, leases, survey, current taxes, zoning ordinances and easements of record), the transaction will be closed and the deed and other closing papers delivered on or before _____, 20____, plus any extensions necessary in order to complete paperwork, unless extended by other conditions of this Agreement or this Agreement is canceled by the Buyer. Buyer shall select closing attorney or title company. **B.** If title evidence or survey reveal any defects which render the title unclear, Buyer will have 7 days from receipt of title commitment and survey to notify Seller of such title defects and Seller agrees to use reasonable diligence (including payment of money) to cure such defects at Seller's expense and will have 30 days to do so, in which event this transaction will be closed within 10 days after delivery to Buyer of evidence that such defects have been cured. Seller agrees to pay for and discharge all due or delinquent taxes, liens and other encumbrances, unless otherwise agreed. If Seller is unable to convey to Buyer a good, clear and marketable title, Buyer will have the right to terminate this Agreement, at the same time returning to Seller all title evidence and surveys received from Seller, OR Buyer shall have the right to renegotiate this agreement with Seller and accept such title as Seller may be able to convey, which election will be exercised within 10 days from notice of Seller's inability to cure. Closing attorney or title company will then close upon the modified agreement. Seller agrees to execute a "Notice of Purchase and Sale Agreement" so that the Buyer may protect their interest in the contract herein.

7. Loss or Damage: If the property is damaged by fire or other casualty prior to closing, and cost of restoration does not exceed 3% of the insurance cost of replacement tables for the improvements located on the Property, cost of restoration will be an obligation of the Seller and closing will proceed pursuant to the terms of this Agreement with cost thereof escrowing at closing. In the event cost of restoration exceeds 3% of the stated valuation of the improvements and Seller declines to repair or restore, Buyer will have the option of either taking the Property as is, together with either the said 3% or any insurance proceeds payable by virtue of such loss or damage, with Seller paying Buyer in cash any insurance deductible, OR of canceling this Agreement.

8. Property Condition and Inspection: Seller shall deliver the Property in the same condition as they were on the date of this Agreement, normal wear and tear excepted, and they shall be in a clean and ready to occupy condition, except as otherwise specified herein. Seller further certifies and represents that Seller knows of no latent defects to the Property and knows of no facts materially affecting the value of the Property except the following:

This Agreement is subject to an inspection of the Property and approval by Buyer and/or his associates after acceptance of this Agreement by Seller. If not already on, Seller shall have all utilities on for inspection and shall notify Buyer when they are on. In the event any system, appliance, roof, foundation or structural member, etc., shall be found defective, Buyer shall notify Seller at or prior to closing and Seller shall thereupon remedy the defect forthwith at his sole expense (in which case the time for closing shall be extended as may reasonably be necessary) or, in the event the cost of such repairs shall exceed 5% of the "Total Purchase Price", Seller may elect not to make such repairs and Buyer may elect to renegotiate this Agreement, accepting such amount as Seller may agree to pay, then take the Property in its "AS-IS" condition, OR terminate this Agreement and receive a full refund of all earnest monies hereunder. Seller guarantees that the appliances remaining with the dwelling and the heating, air conditioning, plumbing and electrical systems, where applicable, will be in operating condition at the time of closing.

9. Occupancy: Seller represents that there are no parties in occupancy other than Seller and Buyer will be given occupancy at closing. Any belongings, furniture or fixtures on property after closing shall be considered as abandoned and Buyer shall have the right of disposal of same. Any tenant, if appropriate, shall be terminated and shall have vacated the Property prior to the closing of this Agreement, unless otherwise agreed to by Buyer in writing.

10. Personal Property: Included in the purchase price are all fixed equipment including all window treatments, built-in appliances, refrigerator, floor coverings, stove, air conditioner(s), ceiling fans, attached lighting fixtures, mailbox, fence, storage building, plants, yard ornaments and shrubbery as now installed on the property, and these additional items which will be conveyed by Bill of Sale at the closing:

Items specifically excluded from this Agreement: _____

Initials: _____

11. Default and Attorney's Fees: If Buyer defaults on this Agreement, all deposits will be retained by the Seller as full settlement of any claim, whereupon

Buyer's Initials

Seller's Initials

Buyer and Seller will be relieved of all obligations under this Agreement. If Seller defaults under this Agreement, the Buyer may seek specific performance or elect to receive the return of the Buyer's binder deposit(s) without thereby waiving any action for damages resulting from Seller's breach. If Seller refuses to sell for any reason other than those outlined herein, Seller and Buyer herewith agree that this Agreement, and all transactions contemplated hereby, shall be governed by, construed and enforced in accordance with applicable state law. Any and all claims, controversies or disputes arising out of or relating to this Agreement, or the breach thereof, which remain unresolved after direct negotiations between the Parties, shall first be submitted to confidential mediation in accordance with the rules, procedures, and protocols for mediation of disputes under applicable state law then in effect upon ten (10) days notice via both certified and regular mail, one party unto the

other. If any issues, claims or disputes remain unresolved after mediation concludes, the Parties hereto agree to immediately submit any such issues to binding arbitration before one/three arbitrator(s) in accordance with the rules, procedures, and protocols for arbitration of disputes under applicable state law then in effect. The parties further agree that the award of the arbitrator(s) is binding upon the Parties and that all expenses of such mediation and/or arbitration shall be borne by the losing Party and that any judgment upon the award rendered may be entered, after ten (10) days, into any court of competent jurisdiction.

12. Zoning and Restrictions: Seller warrants Property is zoned residential. Should Buyer discover any proposed zoning change unacceptable to Buyer, Buyer may void this Agreement.

13. Maintenance and Access: Until title is delivered, Seller agrees to maintain all heating, sewer, plumbing and electrical systems and any appliances remaining with the Property, and other equipment in normal working order and to keep the roof water tight and to maintain the grounds. Buyer has the right to make repairs, show the Property to prospects, lenders, contractors or partners, and to post signs for sale, rental or rent to own before closing.

14. Purchase Money Note: Seller agrees to take back a Purchase Money Note, as contained in paragraph 1D, for the amount of \$ _____ with _____ (____) _____ payments of \$ _____ each, which include principal and interest, and shall start on _____, 20 _____. In the event of default, Seller must notify Buyer, in writing by certified mail, of default, and give Buyer 30 days to cure default. This property shall stand as sole security for the Purchase Money Note. Buyer may at any time, without penalty, pay in part or in full the principal balance of the Purchase Money Note owing to Seller. Buyer has the right to substitute like collateral of equal or greater value. Should Seller decide to sell Purchase Money Note, the Buyer shall have the first right of refusal to buy Seller's interest. Any mortgage created by this transaction must include agreed provisions above and be acceptable to Buyer.

15. Survival of Agreement: This Agreement shall survive the closing, execution and delivery of the Warranty Deed, as agreed herein by the undersigned. Buyer intends to buy, sell, rent or trade for a profit.

16. Assignment: Parties hereto agree that Buyer shall have the right to assign this Agreement and the terms and provisions hereof shall be binding upon and inure to the benefit of the parties hereto, their successors, representatives, heirs and assigns.

17. Additional Terms, Conditions or Exhibits (lettered A, B, C, D, etc.)

A. IF FINAL BALANCE SHOWN BY LENDER'S STATEMENT OF ACCOUNT SHOWS A LOWER PRINCIPAL BALANCE, THEN THE PURCHASE PRICE SHALL BE REDUCED BY THIS AMOUNT. IF THE STATEMENT SHOWS A HIGHER BALANCE, THEN THE CASH DUE FROM BUYER AT CLOSING SHALL BE REDUCED. IF NO CASH IS DUE, THEN THE SELLER AGREES TO PAY ANY SHORTAGE AT CLOSING.

B.

18. There are no other agreements, promises or understandings between these parties except as specifically set forth herein. This legal and binding Agreement will be construed under _____ Law and if not understood, parties should seek competent legal advice. If any signature is faxed or digitally produced it shall have the same legal force and effect as an original ink signature. **TIME IS OF ESSENCE IN THIS AGREEMENT.**

Signed, sealed on the date herein stated. Show Seller's name(s) as it appear(s) on existing deed, if available.

Buyer: _____

Buyer: _____

Date of Offer

Seller: _____

Seller: _____

Date of Acceptance

Glossary of Terms

Abstract of Title: The condensed history of a title to a particular parcel of real estate, consisting of a summary of the original grant and all subsequent conveyances and encumbrances affecting the property and a certification by the abstractor that the history is complete and accurate.

Acceleration clause: The clause in a mortgage or deed of trust that can be enforced to make the entire debt due immediately if the borrower defaults on an installment payment or other covenant.

Affidavit of Title: A written statement, made under oath by a seller or grantor of real property and acknowledged by a notary public, in which the grantor: (1) identifies himself or herself and indicates marital status, (2) certifies that since the examination of the title on the date of the contracts no defects have occurred in the title and (3) certifies that he or she is in possession of the property (if applicable).

Agency: The relationship between a principal and an agent wherein the agent is authorized to represent the principal in certain transactions.

Agent: One who acts or has the power to act for another. A fiduciary relationship executes a listing agreement or management contract authorizing a licensed real estate broker to be his or her agent.

Amortized loan: A loan in which the principal, as well as the interest, is payable in monthly or other periodic installments over the term of the loan.

Annual percentage rate (APR): The relationship of the total finance charges associated with a loan. This must be disclosed to borrowers by lenders under the Truth-in-Lending Act.

Appraisal: An estimated value of property; the report that details the value of the property as well as the process used to obtain the estimation.

Appreciation: An increase in the worth or value of a property due to economic or related causes, which may prove to be either temporary or permanent; opposite of depreciation.

Assessment: The imposition of a tax, charge or levy, usually according to established rates.

Assignment: The transfer in writing of interest in a bond, mortgage, lease or other instrument.

Assumption: Acquiring title to property on which there is an existing mortgage and agreeing to be personally liable for the terms and conditions of the mortgage, including payments.

Balloon payment: A final payment of a mortgage loan that is considerably larger than the required periodic payments because the loan amount was not fully amortized.

Beneficiary: (1) The person for whom a trust operates or in whose behalf the income from a trust estate is drawn. (2) A lender in a deed of trust loan transaction.

Blanket loan: A mortgage covering more than one parcel of real estate, providing for each parcel's partial release from the mortgage lien upon repayment of a definite portion of the debt.

Breach of contract: Violation of any terms or conditions in a contract without legal excuse; for example, failure to make a payment when it is due.

Broker: A real estate professional who works as an intermediary for a fee or commission.

Buy down: A financing technique used to reduce the monthly payments for the first few years of a loan. Funds in the form of discount points are given to the lender by the builder or seller to buy down or lower the effective interest rate paid by the buyer, thus reducing the monthly payments for a set time.

Buyer-agency agreement: A principal-agent relationship in which the broker is the agent for the buyer, with fiduciary responsibilities to the buyer. The broker represents the buyer under the law of agency.

Capital gain: Profit earned from the sale of an asset (the difference between what you paid for the property plus improvements and the price for which it was sold).

Capitalization rate: The rate of return a property will produce on the owner's investment.

Cash flow: The net spendable income from an investment determined by deducting all operating and fixed expenses from the gross income: When expenses exceed income, a negative cash flow results.

Caveat emptor: A Latin phrase meaning "Let the buyer beware."

Certificate of Sale: The document generally given to the purchaser at a tax foreclosure sale. A certificate of sale does not convey title; normally it is an instrument certifying that the holder received title to the property after the redemption period passed and that the holder paid the property taxes for that interim period.

Certificate of title: A document that specifies the owner of a piece of property based on research.

Chain of title: The succession of conveyances, from some accepted starting point, whereby the present holder of real property derives title.

Closing statement: A detailed cash accounting of a real estate transaction showing all cash received, all charges and credits made, and all cash paid out in the transaction.

Cloud on title: Any document, claim, unreleased lien or encumbrance that may impair the title to real property or make the title doubtful; usually revealed by a title search and removed by either a quitclaim deed or suit to quiet title.

Commingling: The illegal act by a real estate broker of placing client or customer funds with personal funds. By law, brokers are required to maintain a separate trust or escrow account for other parties' funds held temporarily by the broker.

Commission: Payment to a broker for services rendered, such as in the sale or purchase of real property; usually a percentage of the selling price of the property.

Community property: A system of property ownership based on the theory that each spouse has an equal interest in the property acquired by the efforts of either spouse during marriage. A holdover of Spanish law found predominantly in western states; the system was unknown under English common law.

Comparables: Properties used in an appraisal report that are substantially equivalent to the subject property.

Competitive Market Analysis (CMA): A comparison of the prices of recently sold homes to those similar to a seller's home in terms of location, style and amenities.

Condemnation: A judicial or administrative proceeding to exercise the power of eminent domain, through which a government agency takes private property for public use and compensates the owner.

Conditional-use permit: Written governmental permission allowing a use inconsistent with zoning but necessary for the common good, such as locating an emergency medical facility in a predominantly residential area.

Condominium: The absolute ownership of a unit in a multi-unit building based on a legal description of the airspace the unit actually occupies, plus an undivided interest in the ownership of the common elements, which are owned jointly with the other condominium unit owners.

Conformity: The appraisal principle that holds that the greater the similarity among properties in an area, the better they will hold their value.

Consideration: (1) That received by the grantor in exchange for his or her deed. (2) Something of value that induces a person to enter a contract.

Constructive eviction: Actions of a landlord that so materially disturb or impair a tenant's enjoyment of the leased premises that the tenant is effectively forced to move out and terminate the lease without liability for any further rent.

Constructive Notice: Notice given to the world by recorded documents. All people are charged with knowledge of such documents and their contents, whether or not they have actually examined them. Possession of property is also considered constructive notice that the person in possession has an interest in the property.

Contingency clause: A provision in a contract that requires a certain act to be done or a certain event to occur before the contract becomes binding.

Contract: A legally enforceable promise or set of promises that must be performed and for which, if a breach of the promise occurs, the law provides a remedy. A contract may be either unilateral, by which only one party is bound to act, or bilateral, by which all parties to the instrument are legally bound to act as prescribed.

Conventional loan: A loan that requires no insurance or guarantee.

Conveyance: A term used to refer to any document that transfers title to real property. This term is also used in describing the act of transferring.

Cooperative or co-op: A residential multi-unit building whose title is held by a trust or corporation that is owned by and operated for the benefit of persons living within the building, who are the beneficial owners of the trust or stockholders of the corporation, each possessing a proprietary lease.

Corporation: An entity or organization, created by operation of law, whose rights of doing business are essentially the same as those of an individual. The entity has continuous existence until it is dissolved according to legal procedures.

Counter offer: An offer made in response to an offer received. It effectively rejects the original offer, but allows negotiation to continue.

Covenant: A written agreement between two or more parties in which a party or parties pledge to perform or not perform specified acts with regard to property; usually found in such real estate documents as deeds, mortgages, leases and contracts for deed.

Covenant of quiet enjoyment: The covenant implied by law by which a landlord

guarantees that a tenant may take possession of leased premises and that the landlord will not interfere in the tenant's possession or use of the property.

Credit: On a closing statement, an amount entered in a person's favor--either an amount the party has paid or an amount for which the party must be reimbursed.

Debit: On a closing statement, an amount charged; that is, an amount that the debited party must pay.

Decedent: A person who has died.

Dedication: The voluntary transfer of private property by its owner to the public for some public use, such as for streets or schools.

Deed: Legal document with which title to real property is transferred from one owner to another. The deed contains a description of the property, and is signed, witnessed, and delivered to the buyer at closing.

Deed of Trust: A legal document that conveys title to real property to a third party. The third party holds title until the owner of the property has repaid the debt in full.

Deed restriction: Clauses in a deed limiting the future uses of the property. Deed restrictions may impose a vast variety of limitations and conditions, for example, they may limit the density of buildings, dictate the types of structures that can be erected or prevent buildings from being used for specific purposes or even from being used at all.

Default: The nonperformance of a duty, whether arising under a contract or otherwise; failure to meet an obligation when due.

Defeasance clause: A clause used in leases and mortgages that cancels a specified right upon the occurrence of a certain condition, such as cancellation of a mortgage upon repayment of the mortgage loan.

Deficiency judgment: Point levied against the borrower when a foreclosure sale does not produce sufficient funds to pay the mortgage debt in full.

Depreciation: (1) In appraisal, a loss of value in property due to any cause, including physical deterioration, functional obsolescence, and external obsolescence. (2) In real estate investment, an expense deduction for tax

purposes taken over the period of ownership of income property.

Developer: One who attempts to put land to its most profitable use through the construction of improvements.

Discount point(s): Points are an up-front fee paid to the lender at the time that you get your loan. Each point equals one percent of your total loan amount. Points and interest rates are inherently connected: In general, the more points you pay, the lower your interest rate. However, the more points you pay, the more cash you need up front since points are paid in cash at closing.

Dual agency: Representing both parties to a transaction. This is unethical unless both parties agree to it, and it is illegal in many states.

Due-on-Sale clause: A provision in the mortgage that states that the entire balance of the note is immediately due and payable if the mortgagor transfers (sells) the property.

Duress: Unlawful constraint or action exercised upon a person whereby the person is forced to perform an act against his or her will. A contract entered into under duress is voidable.

Earnest money: Earnest money is a deposit made by a buyer towards their down payment in evidence of good faith when the purchase agreement is signed. The earnest money becomes part of the down payment if the offer is accepted. If the offer is rejected, the earnest money is given back. Earnest money is forfeited if the buyer pulls out of the deal.

Easement: A right to use the land of another for a specific purpose, such as for a right-of-way or utilities; an incorporeal interest in land.

Eminent domain: The right of a government or municipal quasi-public body to acquire property for public use through a court action called condemnation, in which the court decides that the use is a public use and determines the compensation to be paid to the owner.

Encroachment: A building, or some portion of it—a wall or fence for instance—that extends beyond the land of the owner and illegally intrudes on some land of an adjoining owner, or a street or alley.

Encumbrance: Anything, such as a mortgage, tax, or judgment lien, an easement, a restriction on the use of the land, or an outstanding dower right that may diminish the value or use and enjoyment of a property.

Equal Credit Opportunity Act (ECOA): The federal law that prohibits discrimination in the extension of credit because of race, color, religion, national origin, sex, age or marital status.

Equalization: The raising or lowering of assessed values for tax purposes in a particular county or taxing district to make them equal to assessments in other counties or districts.

Equitable right of redemption: The right of a defaulted property owner to recover the property prior to its sale by paying the appropriate fees and charges.

Equitable title: The interest held by a vendee under a contract for deed or an installment contract; the equitable right to obtain absolute ownership to property when legal title is held in another's name.

Equity: The interest or value that an owner has in property over and above any indebtedness.

Escrow: An escrow agreement is the actual transaction in which a third party acts as the agent for seller and buyer, or for borrower and lender, in handling legal documents and disbursement of funds.

Escrow account: The trust account established by a broker under the provisions of the license law for the purpose of holding funds on behalf of the broker's principal or some other person until the consummation or termination of a transaction.

Escrow instructions: A document that sets forth the duties of the escrow agent, as well as the requirements and obligations of the parties, when a transaction is closed through an escrow.

Estate taxes: Federal taxes on a decedent's real and personal property.

Eviction: A legal process to oust a person from possession of real estate.

Evidence of title: Proof of ownership of property; commonly a certificate of title, an

abstract of title with lawyer's opinion, title insurance or a Torrens registration certificate.

Exchange: A transaction in which all or part of the consideration is the transfer of like-kind property (such as real estate for real estate or a 1031 exchange).

Exclusive-agency listing: A listing contract under which the owner appoints a real estate broker as his or her exclusive agent for a designated period of time to sell the property, on the owner's stated terms, for a commission. The owner reserves the right to sell without paying anyone a commission if he or she sells to a prospect who has not been introduced or claimed by the broker.

Exclusive right-to-sell listing: A listing contract under which the owner appoints a real estate broker as his or her exclusive agent for a designated period of time, to sell the property on the owner's stated terms, and agrees to pay the broker a commission when the property is sold, whether by the broker, the owner or another broker.

Executed contract: A contract in which all parties have fulfilled their promises and thus performed the contract.

Execution: The signing and delivery of an instrument.

Executory contract: A contract under which something remains to be done by one or more of the parties.

Express agreement: An oral or written contract in which the parties state the contract's terms and express their intentions in words.

Fair Housing Act: The federal law that prohibits discrimination in housing based on race, color, religion, sex, handicap, familial status and national origin.

Farmer's Home Administration (FHA): An agency of the federal government that provides credit assistance to farmers and other individuals who live in rural areas.

Federal Home Loan Mortgage Corporation (FHLMC): A corporation established to purchase primarily conventional mortgage loans in the secondary mortgage market.

Federal National Mortgage Association (FNMA): *a.k.a. FANNIE MAE*—A quasi-

government agency established to purchase any kind of mortgage loans in the secondary mortgage market from the primary lenders.

Federal Reserve System: The country's central banking system, which is responsible for the nation's monetary policy by regulating the supply of money and interest rates.

FHA loan: A loan insured by the Federal Housing Administration and made by an approved lender in accordance with the FHA's regulations.

Fiduciary: A person in whom trust and confidence is placed; a reference to a broker employed under the terms of a listing contract or buyer agency agreement.

Fiduciary relationship: A relationship of trust and confidence, as between trustee and beneficiary, attorney and client or principal and agent.

Financial Institutions Reform Recovery And Enforcement Act (FIRREA): This act restructured the savings and loan association regulatory system; enacted in response to the savings and loan crisis of the 1980s.

Fixture: An item of personal property that has been converted to real property by being permanently affixed to the realty.

Foreclosure: A legal procedure whereby property used as security for a debt is sold to satisfy the debt in the event of default in payment of the mortgage note or default of other terms in the mortgage document. The foreclosure procedure brings the rights of all parties to a conclusion and passes the title in the mortgaged property to either the holder of the mortgage or a third party who may purchase the realty at the foreclosure sale, free of all encumbrances affecting the property subsequent to the mortgage.

Ginnie Mae - (Government National Mortgage Association): A government-owned corporation within the U.S. Department of Housing and Urban Development (HUD). Created by Congress on September 1, 1968, GNMA performs the same role as Fannie Mae and Freddie Mac in providing funds to lenders for making home loans. The difference is that Ginnie Mae provides funds for government loans like FHA and VA.

Home Equity Loan or HELOC - (Home Equity Line of Credit): A mortgage loan,

usually in second position, that allows the borrower to obtain cash drawn against the equity of his home, up to a predetermined amount.

Homeowner's insurance policy A.K.A.

Hazard insurance: Insurance coverage that protects in the event of physical damage to a property from fire, wind, vandalism, or other hazards.

Homeowner's warranty: A type of insurance often purchased by home buyers that will cover repairs to certain items, such as heating or air conditioning, should they break down within the coverage period. The buyer often requests the seller to pay for this coverage as a condition of the sale, but either party can pay.

HUD-1 Settlement Statement: A document that provides an itemized listing of the funds that were paid at closing. Items that appear on the statement include real estate commissions; loan fees, points, and initial escrow (impound) amounts. Each type of expense goes on a specific numbered line on the sheet. The totals at the bottom of the HUD-1 statement define the seller's net proceeds and the buyer's net payment at closing. It is called a HUD-1 because the form is printed by the Department of Housing and Urban Development (HUD). The HUD-1 statement is also known as the "closing statement" or "settlement sheet."

Income property: Real estate developed or improved to produce income.

Inflation: An increase in the amount of money or credit available in relation to the amount of goods or services available, which causes an increase in the general price level of goods and services. Over time, inflation reduces the purchasing power of a dollar, making it worth less.

Installment loan: Borrowed money that is repaid in equal payments, known as installments. A furniture loan is often paid for as an installment loan.

Interest: The fee charged for borrowing money.

Interim financing: An in-between or short-term type of financing, such as construction loans.

Intestate: The act of dying without a Will.

Intrinsic value: The underlying value of an object that does not diminish over time.

Investment: An outlay of cash or credit with an expected return.

Joint tenancy: A form of co-ownership that gives each tenant equal interest and equal rights in the property, including the right of survivorship.

Judgment: A decision made by a court of law. In judgments that require the repayment of a debt, the court may place a lien against the debtor's real property as collateral for the judgment's creditor.

Judgment lien: A lien on the property of a debtor resulting from the decree of a court.

Judicial foreclosure: A type of foreclosure proceeding used in some states that is handled as a civil lawsuit and conducted entirely under the auspices of a court.

Lease: A written agreement between the property owner and a tenant that stipulates the conditions under which the tenant may possess the real estate for a specified period of time and rent.

Lease Option: A lease under which the tenant has the right to purchase the property either during the lease term or at its end.

Lease Purchase: The purchase of real property, the consummation of which is preceded by a lease, usually long term, typically done for tax or financing purposes.

Legal description: A description of a specific parcel of real estate that is complete enough for an independent surveyor to locate and identify it.

Lien: A right given by law to certain creditors to have their debts paid out of the property of a defaulting debtor, usually by means of a court sale.

Listing broker: The broker in a multiple-listing situation from whose office a listing agreement is initiated, as opposed to the cooperating broker, from whose office negotiations leading up to a sale are initiated. The listing broker and the cooperating broker may be the same person.

Loan origination fee: A fee charged to the borrower by the lender for making a mortgage loan. The fee is usually computed as a percentage of the loan amount.

Loan-to-value ratio: The relationship between the amount of the mortgage loan and the value of the real estate being pledged as collateral.

Market value: The most probable price property would bring in an arm's-length transaction under normal conditions on the open market.

Mortgage: A conditional transfer or pledge of real estate as security for the payment of a debt. Also, the document creating a mortgage lien.

Mortgage broker: An agent of a lender who brings the lender and borrower together. The broker receives a fee for this service.

Mortgagee: A lender in a mortgage loan transaction.

Mortgage lien: A lien or charge on the property of a mortgagor that secures the underlying debt obligations.

Multiple-listing service (MLS): A marketing organization composed of member brokers who agree to share their listing agreements with one another in the hope of procuring ready, willing and able buyers for their properties more quickly than they could on their own. Most multiple-listing services accept exclusive right-to-sell or exclusive agency listings from their member brokers.

Option: An agreement to keep open for a set period an offer to sell or purchase property.

Option listing: Listing with a provision that gives the listing broker the right to purchase the listed property.

Parole evidence rule: A rule of evidence providing that a written agreement is the final expression of the agreement of the parties, not to be varied or contradicted by prior or contemporaneous oral or written negotiations.

Participation Mortgage: A mortgage loan wherein the lender has a partial equity interest in the property or receives a portion of the income from the property.

Partnership: An association of two or more individuals who carry on a continuing business for profit as co-owners. Under the law a partnership is regarded as a group of individuals rather than as a single entity. A *general partnership* is a typical form of joint venture in which each general partner shares

in the administration, profits and losses of the operation.

A *limited partnership* is a business arrangement whereby the operation is administered by one or more general partners and funded, by and large, by limited or silent partners, who are by law responsible for losses only to the extent of their investments.

Payment cap: The limit on the amount the monthly payment can be increased on an adjustable-rate mortgage when the interest rate is adjusted.

Prepaid items: On a closing statement, items that have been paid in advance by the seller, such as insurance premiums and some real estate taxes, for which he or she must be reimbursed by the buyer.

Prepayment penalty: A charge imposed on a borrower who pays off the loan principal early. This penalty compensates the lender for interest and other charges that would otherwise be lost.

Principal: (1) A sum loaned or employed as a fund or an investment, as distinguished from its income or profits. (2) The original amount (as in a loan) of the total due and payable at a certain date. (3) A main party to a transaction—the person for whom the agent works.

Private Mortgage Insurance (PMI): Insurance provided by a private carrier that protects a lender against a loss in the event of a foreclosure and deficiency.

Probate: A legal process by which a court determines who will inherit a decedent's property and what the estate's assets are.

Promissory note: A financing instrument that states the terms of the underlying obligation, is signed by its maker, and is negotiable (transferable to a third party).

Quitclaim Deed: A conveyance by which the grantor transfers whatever interest he or she has in the real estate, without warranties or obligations.

Recording: The act of entering or recording documents affecting or conveying interests in real estate in the recorder's office established in each county. Until it is recorded, a deed or mortgage ordinarily is not effective against subsequent purchasers or mortgagees.

Rent: A fixed, periodic payment made by a tenant of a property to the owner for possession and use, usually by prior agreement of the parties.

Rent schedule: A statement of proposed rental rates, determined by the owner or the property manager or both, based on a building's estimated expenses, market supply and demand and the owner's long-range goals for the property.

Right of first refusal: Clause in a lease which gives the lessee (tenant) the right to purchase the rented property if during the term of the lease the lessor (landlord) receives an offer to purchase from a buyer. Usually the lessee must purchase on the terms and conditions of the buyer's offer.

Security deposit: A payment by a tenant, held by the landlord during the lease term and kept (wholly or partially) on default or destruction of the premises by the tenant.

Subletting: The leasing of premises by a lessee to a third party for part of the lessee's remaining term.

Survey: The process by which boundaries are measured and land areas are determined; the onsite measurement of lot lines, dimensions and position of a house on a lot, including the determination of any existing encroachments or easements.

Tax Deed: The instrument of conveyance when a property is sold by a government body to pay for arrears of taxes.

Tax lien: A claim registered against a property by a government authority for non-payment of assessed taxes.

Tax sale: Sale of property by a government body for non-payment of taxes, either by tender or auction.

Title: (1) The right to or ownership of land.
(2) The evidence of ownership of land.

Title insurance: A policy insuring the owner or mortgagee against loss by reason of defects in the title to a parcel of real estate, other than encumbrances, defects and matters specifically excluded by the policy.

Title search: The examination of public records relating to real estate to determine the current state of the ownership.

Trust Deed: An instrument used to create a mortgage lien by which the borrower conveys title to a trustee, who holds it as security for the benefit of the note holder (the lender); also called a deed of trust.

Trust Deed lien: A lien on the property of a trustor that secures a deed of trust.

Trustee: The holder of bare legal title in a deed of trust loan transaction.

Trustee's Deed: A deed executed by a trustee conveying land held in trust.

Variance: An indulgence granted by a local zoning commission or authority to allow a nonconforming use of a property to continue.

Voidable contract: A contract that may be treated as legally unenforceable at the option of a party (usually the injured party) but remains enforceable until that party exercises her option.

Wraparound loan: A secondary financing option in which new money borrowed is blended with money already owed and registered on title to the property. A second mortgage is registered as security for the new money but the old mortgage remains in existence and the rate of interest is a blend of the rate chargeable on the old mortgage and the rate chargeable on the newly borrowed money.

Zoning ordinance: A set of rules passed by local government which regulates the use of property according to its location within the municipality, placement of structures on the property, maximum floor area, minimum lot area, minimum floor-to-lot area ratios, etc.

Appendix Two:

Real Estate Purchase and Sale Agreement

To get you started making some money right away I've included just one of the over 300 carefully crafted forms available in the *Street Smart® Whole Enchilada®*.

Remember I said that the right form has Profit Centers, Negotiation and Protection contained in it. Well this one is a great example of that. Take a few minutes to read this and see if you can find them. Then listen to the CD included with this course that takes you line by line through this and explains a lot more about that and all important, how to fill it out. It will help to be able to read the form as you listen, but it is not mandatory. Even a single sentence in this can make you a fortune.

Use the ***Street Smart®* BUYING STANDARD REAL ESTATE PURCHASE AND SALE AGREEMENT (BUYING)** – Form BSH-1301... when YOU are the Buyer. It is far from “Standard” because it contains many Street Smart Secrets which create profit, save money and secure your deal from the seller getting out easily. It does, however, contain some provisions which would make it fairly easy for you, the Buyer, to get out of the deal. It has many provisions which are not included in any Realtor agreement. “Subject-To”; Seller pays all closing costs; owner financing provisions; all built in are but a few examples.

TIP 1) Many times I let the contract do much of the negotiating for me.

TIP 2) Since this is the “Standard” agreement many times the Seller does not argue about the closing costs. This could add \$1,000 or more to your bottom line and reduce your cash outlay.

Here's 10 more Street Smart tips to help guide you through the mystery of negotiating and filling out the contract.

TIP 3) It really helps in a negotiation when it looks like you've given up something you didn't have to when you agree to pay some of the closing costs by altering the preprinted form.

TIP 4) You'll notice that if your offer includes seller financing that when you read paragraph 14, it doesn't refer to an interest rate. This allows you to receive owner financing as a zero interest loan.

TIP 5) You'll notice the automatic extension in paragraph 6, which prevents your seller from waiting you out when they decide not to sell, or to sell to someone with a better offer, after entering into a contract with you.

TIP 6) This agreement allows for an "escape" if you have made a bad deal or have a funding snafu. Paragraph 8 states that the agreement is subject to an inspection and acceptance by Buyer and/or his associates after acceptance. This would allow you a re-evaluation and ability to re-negotiate if you make an unwise move.

TIP 7) If you use any other agreement to buy, such as a Realtor's contract, put "Subject to partner's approval" in the "special stipulations" section, usually near the end of the contract.

TIP 8) This agreement has a built in assignment clause, allowing you to assign the agreement to a third party if you want to earn an assignment fee. A Realtor's contract usually doesn't allow this... if you sign one of these, add "and/or assigns" after your signature. By doing this, you will then still be able assign the contract, regardless of what provisions the agreement may contain.

TIP 9) Of course "Subject To" (paragraphs 1E & 1F) existing financing is not in a Realtor's contract. It's built in here because sometimes a seller will allow you to "take over" their payments until you sell the property. This is a tremendous benefit to us as we don't have to use our own credit availability, allowing us to save it for other deals where a new loan is the only way we can buy. This technique doesn't work in every case, but it sure is great when it does. When using this concept, you will need to create a Land Trust. See ***Street Smart® Asset Protection – Land Trusts*** course for a checklist and forms when buying "subject to" when the loan documents contain a "due on sale" clause.

TIP 10) When completing the purchase price section, paragraph 1, if your purchase price is an exact amount then check the “exactly” box in 1 G and the “approximately” boxes in 1B & 1D. Whereas, if your are giving the seller an exact cash amount as a down payment (also known as “Cash to Control”) and taking the property “subject to” the mortgage balance(s) then check the “exactly” boxes in 1B & 1D and the “approximately” box in 1G.

TIP 11) The buyer and seller should get an original of the final contract. Also give a copy to the closing agent (attorney or title company) so they have the information necessary to research the title and close the sale.

TIP 12) Don't be afraid... the right paperwork is your friend. It can make you a lot of money and keep you out of trouble.

Oh, and one more - this is the BUYING version. Only use this to BUY property. I have different version to use when selling property in ***Street Smart® Holding and Selling*** system.

For a more complete understanding on how to fill out and use the Street Smart Real Estate Purchase and Sale Agreement listen to the audio CD included with this course.

If you like what you see just from this one form imagine the impact this system will have on your business. Stop trying to patch things together... we have it all... Integrated, Coordinated and Complete.

To Your Abundant Profits,



Lou Brown

P.S. I would love to have your feedback and testimony about this powerful course. Please email me at StreetSmartLouis@LouisBrown.com.



Investors have long regarded the training, systems and forms created by **Louis "Lou" Brown** at the best in the industry. Quoted as an expert by many publications such as *The Wall Street Journal* and *Smart Money*, Lou draws from his wide and varied background as a real estate investor. Having bought property since 1977. He has invested in single-family homes, apartments, hotels and developed subdivisions, as well as building and renovating homes and apartments. These experiences have given him a proving ground for the most cutting edge concepts in the real estate investment industry today. He is widely known as a creative financing genius regarding his deal structuring concepts. He enjoys sharing his discoveries with others as he teaches seminars and has authored courses, books and audio training on how to make money and keep it. He is past President and a lifetime member of Georgia Real Estate Investors Association and was founding President of the National Real Estate Investors Association. He firmly believes that the path to success is through ongoing education and invests thousands of dollars annually in his own.

Systems in the *Street Smart*® Secrets Investor Training Series™

Learn these in the order shown or review as needed

1	Street Smart® HOUSE MONSTER™ An intensive marketing system that will transform your real estate business into a House Monster... allowing you to sell your houses as FAST as you can buy them! The home study system includes Guidebook, Quick Start Guide, DVD of a live presentation, audio testimonial CD and computer forms disk with all the forms plus Lou's PowerPoint Presentation and Special Reports.	How to Sell Your Houses As FAST As You Can Buy Them!	Your Foundation
2	Street Smart® BUYING™ An intensive two-day training on the "ins and outs" of how and where to find the best deals, how to finance, repair, lease option, sell and make the most money quickly with the least effort. With the exact techniques, tools and ideas on how to get started – and keep going in the real estate investment business. Helps you find your niche. Includes case studies and forms. The home study system includes Guidebook, with audio CDs and computer forms disk.	How To Make Real Money Investing In Real Estate!	
3	Street Smart® NEGOTIATIONS™ The tactics, strategies and techniques necessary for success – both in business and your personal life. Case studies help you overcome the fear of negotiating with others. Helps you discover how you can get more out of the deal. Detailed explanations reveal the different personality types and how to make deals with each of them. The home study course includes a 100-page Guidebook with personality profile and transcripts plus audio CDs.	How to Get What You Want In Life Now!	
4	Street Smart® HOLDING and SELLING™ An intensive two-day training on the "ins and outs" of how and where to find the best deals, how to finance, repair, lease option, sell and make the most money quickly with the least effort. With the exact techniques, tools and ideas on how to get started – and keep going in the real estate investment business. Helps you find your niche. Includes case studies and forms. The home study system includes Guidebook, with audio CDs and computer forms disk.	How To Make Real Money Holding Real Estate For Long Term Wealth!	
5	Street Smart® ASSET PROTECTION and ESTATE PLANNING™ Volume 5: Land Trusts; Volume 6: Personal Property Trusts Training taught in plain English makes Trusts easy to understand and use. How to: avoid probate, protect your assets, avoid being a target of lawsuits, avoid losing assets if someone does get a judgment, protect your vehicles, stocks, bonds, jewelry and all other investments. A review of the entities with a detailed explanation of why Trusts are your easiest and best front line defense. A complete system with all the forms you need to create your own trusts. Studio produced audio CDs and 2 detailed Guidebooks and computer forms disks, audio CDs include Land Trusts, Personal Property Trusts training.		
6			
7	Street Smart® DEAL FUNDING™ The "ins and outs" of the credit game, the tactics, strategies and techniques necessary for success. Helps you discover how you can get a larger line of credit, enabling you to make more deals. Detailed explanations of credit reports and how to sanitize them and reveals how the lenders look at your personal or your buyer's credit worthiness. System includes exclusively designed calculators, Guidebook and computer forms disk.	How to Make the MONEY Game Work for You	Increasing and Maintaining Wealth
8	Street Smart® BUSINESS MANAGEMENT™ A complete system of forms, tools and information specifically designed to maximize your office efficiency and organize your office. Detailed information with over 50 carefully crafted forms creating a fool proof system to manage your real estate business to increase your efficiency, reduce hassles and increase your income by utilizing these techniques. A MUST for anyone serious about the real estate investment business. Package includes Complete 200+ page <i>Street Smart</i> ® BUSINESS MANAGEMENT™ expanded Guidebook and the <i>Street Smart</i> ® BUSINESS MANAGEMENT™ Software forms CD-ROM Disk (Includes installation instructions). The Guidebook has all the forms and tools necessary to organize your files and increase your income too.	How to Manage Your Real Estate Business to Maximize Efficiency and Increase Your Income	
9	Street Smart® PROPERTY MANAGEMENT™ A complete system to both manage the asset and the people who are paying for it (your tenants). Forms tried and true techniques and secrets Louis uses to simply, effectively, efficiently and profitably manage rental real estate hassle free, then how to acquire the resident through auctions and collections. The home study system includes Guidebook, audio CDs and computer forms disk.	How to Manage Property Right and Create Cash Flow	
10	Street Smart® LEASE OPTIONS™ Detailed information with over 35 carefully crafted forms creating a fool proof system to both Buy and Sell real estate using this high profit, low cash, high leverage technique. Includes smart ways to buy your own home. A MUST for anyone serious about the real estate investment business. Taught with Bruce Beasley. This home study system includes Guidebook, audio CDs and computer forms disk.	How to Buy Real Estate with Nothing Down and Sell it Quickly	
11	Street Smart® OWNER FINANCING – Agreement for Deed™ A complete system of forms, tools and information specifically designed for Buying and Selling Real Estate using the Agreement for Deed (land contract) technique that creates a fool proof system to both buy and sell real estate without giving the buyer a deed while giving all of the tax advantages of homeownership. A MUST for anyone serious about the real estate investment business. Taught with Bruce Beasley. The home study system includes Guidebook, studio recorded audio CDs and computer forms disk.	Making Money Using the Owner Financing Technique	More Profit Centers for Advanced Wealth
12	Street Smart® RENOVATIONS™ Real world techniques which create real value in your rehabs and renovations. Design features, flow ideas along with tried and true methods of finding and dealing with CONTRACTORS. Forms to eliminate contract disputes. Scope of Work, Lien Waivers and much more. Shows how to design and implement Budget, mid range and high end renovation projects. This home study system includes Guidebook, audio CDs and computer forms disk.	Creating Huge Profits with the Rehabilitation Technique	
13	Street Smart® BUY OFFERS, DEAL STRUCTURING™ and Street Smart® SELLING™ These two "How-To" seminars teach you to create huge profits using ZERO interest owner financing, create winning offers to lenders and create deals within deals and how to sell properties quickly with or without a Realtor® using the right contracts to protect yourself from unscrupulous sellers and buyers. Seminar includes: Guidebook and 6-hours of audio CDs with real life case studies to illustrate Louis' money making and money saving techniques for both buying and selling.	Audio CDs with Transcripts	
14	Street Smart® AUCTION PROFITS!™ Detailed information with over 47 painstakingly crafted forms creating a fool-proof system for selling any property at record speed and top dollar using revolutionary twists to the classic auction technique. A MUST for any real estate investor interested in selling property faster than you can buy them! Taught with Stefan Kasian, M.A. Package includes: 160+ page <i>Street Smart</i> ® AUCTION PROFITS!™ expanded Guidebook plus complete seminar audio CDs and computer forms disk.	How to Buy and Sell Properties at Lightning Speed	
15	Street Smart® ACCOUNTING™ Finally an accounting system designed for real estate investors involved in the purchase, management, and tracking of rental properties. This system will aid you in your understanding and application of QuickBooks Pro for a real estate investment company. Includes a 228-page Guidebook with instructions and examples plus a CD Rom with training videos and QuickBooks overlay templates.	How to Accurately Track Every Buy, Hold and Sell Property For Maximum Profits!	
16	Street Smart® \$10 HOUSE PROFITS!™ This course exposes new opportunities to access multiple profits legally due to illegal actions of the banks, loan servicers, mortgage investors, and in some cases, the courts. This system ties together and builds upon other <i>Street Smart</i> ® Systems and training. Includes a 64-page Guidebook, 8-hour professionally recorded DVD Set of the live training event and a Forms Disk.	How to Access An Arsenal To Earn Huge Profits On Houses Owners No Longer Want	

Gain valuable credibility from our **National Branding Program at CertifiedAffordableHousingProvider.com**

National Certification Training on Buying, Funding, Holding & Selling, Asset Protection and Business Management

Other Important Tools:

Seller, Buyer, and Lender Presentation Kits	Street Smart® Investor Websites	Live and recorded national training on Buying, Holding & Selling, Asset Protection
Street Smart® Collections and Evictions Kit™	Street Smart® Work for Equity Program™	Fast Track™ Coaching and Platinum Mastermind Mentorship

Street Smart Systems, LLC

4426-B Hugh Howell Road • Suite 200 • Tucker GA 30084
Toll Free: 800-578-8580 Fax: 770-939-3177

Web Site: StreetSmartInvestor.com E-mail: StreetSmartLouis@LouisBrown.com

© Trust Associates and Louis D. Brown • All Rights Reserved