

MODEL FOR BUILDING A SUCCESSFUL REAL ESTATE BUSINESS



Vision

To build a real estate business of buying and selling a minimum of 25 homes a year to produce an annual profit of at least \$500,000, while working less than 20 hours/week.

Purpose

To be able to provide for my family, loved ones and charities that I deeply care for. To live the lifestyle I desire and deserve. To have the resources to touch many lives through my charitable giving.

Key Outcomes/Results

- **Create Automated Marketing Plan to Locate Motivated Sellers**
- **Create Easy, Systemized Process for Pre-Screening Sellers**
- **Create an Efficient Process of Constructing and Presenting Offers**
- **Create an Automated, Systemized Follow-up Process (Cyrano)**
- **Create a Systemized Method for Selling Homes Quickly**
- **Administrative:**
 - Create a Record Keeping System
 - Establish Networks to Get Money
 - Asset Protection

Create Automated Marketing Plan to Locate Sellers

- **Pre-foreclosure Door Knocking Approach**
- **Target Markets**
- **Classified Ad to Buy Houses**
- **The Bee Hive Process**
- **Yellow Page Ad**
- **Direct Mail**
- **Realtor (Uglies, Bank Owned) Submit all Cash Offers**
- **Road Signs: www.AmeriSigns.US/banditsigns.asp**
- **Magnetic Signs**
- **Business Cards**
- **Get Pre-Foreclosure Service (IE: Foreclosuresdaily.com)**
- **How Are Calls Going To Be Received?-Scripts**
- **Answering Service**
- **Radio Ads**

Create Easy, Systemized Process for Pre-Screening Sellers

- Decision Formula Worksheet
- Determining Market Value
- Estimating Repairs
- Get Comp Service (Realty Trac, First American Real Estate Solutions, in addition to Zillow)
- Know The 6 Different Ways To Buy (Cash, Split Fund, Subject To, Owner Financing, Lease Options, Options)

Create an Efficient Process for Constructing and Presenting Offers

- MAO Formula
- 6 Different Ways to buy houses (Cash, Split Fund, Subject To, Land Contract, Lease Option, Options)
- Multiple Offer Strategy
- Magic Words
- Purchase Contract for each buying strategy
- Pre-Foreclosure Workout Outline

Create an Automated Follow-up System (Cyrano)

- Cyrano System: Scott Zimmerman; 1-330-848-0444 x2; Scott@TheCyranoGroup.com
- Block Time Daily to Make Calls

Create a Systemized Process for Selling Homes Quickly

- 10-day Sale Process
- Attracting Buyers (Retail, Wholesale, Land Contract or Lease Option, 10-day sale)
Great Headline: Must Sell Fast! Owner-Financing; No Bank Qualifying
- Generic Ad (Must Sell Fast! 3 Homes to Choose From)
- Exit Strategies (Wholesaling/Assignments, Sell All Cash to Qualified Buyers, Sell for 75 - 95% Cash And Take Back 2nd Mortgage, Lease Purchase, Owner Finance, Owner Finance and Sell Your Note)
- Buyer's Scripts
- Pre-Screening Buyers (Name, Phone #, Send to House, If they like it fill out Application and submit to Mortgage Broker)
- Run Credit (How is their Credit, Down Payment, Debt Ratio?)
- Showing Houses (lock box)
- Dream Team (Title Company, Mortgage Broker, Appraiser, Attorney)
- Seasoning Issues
- Build a Buyers List & Follow Up System (Cyrano System)
- Wholesale and Retail Buyers List
- Wholesaling to Investors
- Land Contract/Lease Options
- Work for Equity
- Order Signs: www.AmeriSigns.US/banditsigns.asp
- Voice Mail Service (877infoline.com)
- Staging the Home
- Getting the Home Ready for Sale
- After the Sale (send congratulatory letter; if something needs fixed after they move in, fix it right away, let buyer know you pay a referral fee.

Create a Record Keeping System

- QuickBooks Pro: <http://quickbooks.intuit.com/product/accounting-software/small-business-accounting-software.jhtml>
- Filing System

Where to Get the Money?

- Private Investors
- Hard Money Lenders
- Lines of Credit
- Bank Financing
- Partners

Asset Protection

- Land Trusts
- Contracts
- LLC's
- Asset Protection Plan
- Growing Wealth In your Roth IRA

4 PROFIT-PRODUCING STRATEGIES FOR REAL ESTATE INVESTORS



1. **Wholesaling:** Locating cheap property that is in need of repair and selling to bargain-hunting investor at price considerably lower than retail.
2. **Retailing:** Locating cheap property that is in need of repair, making necessary repairs, and selling to a retail customer who has procured financing and you cash out a large profit margin.
3. **Creative Financing with Seller:**
 - **Option A: You purchase by taking over existing debt.**
 - You get deed “subject to” existing financing on house. For example, the value on the house is \$200K; they owe \$170K; you purchase for \$170K “subject to”.
 - **Option B: The seller acts as the bank by financing you directly. “Seller Financing”.**
 - For example: the value is \$200K; they owe \$110K; you purchase for \$170K on a wrap-around mortgage; you make payments to seller on \$170K mortgage
 - **In either Option A or B, your transaction with the seller or buyer does not have any involvement from a lending institution.**
 - **In general:**
 - You agree on a price to buy from seller.
 - You find buyer who makes monthly payments to you.
 - You make smaller monthly payments to seller or seller’s bank.
 - **As long as the buyer has a sufficient amount for a down payment, these strategies will allow you to close the deal within a couple days, resulting in a quick sale.**
 - **Benefits to creative owner financing are:**
 - Front-end Profit: (The difference between amount you put down to seller and what you receive down from you buyer.)
 - Monthly cash-flow spread (difference on buy/sell mortgage payments)
 - Back-end Profit: Difference between purchase and sales price at time of sale
 - Any Potential Discount You Receive from Seller at Back-end
4. **Lease Options or Straight Option:**
 - **Lease Option:** Leasing from a seller with an option to buy, and the right to sub-lease to a tenant/buyer while providing them an option to buy from you.
 - **Straight Option:** You attain a written agreement to buy a property at a set price within a specified period of time. You sell the property to a buyer within that timeframe.

PURCHASING A PROPERTY WITH BUILT-IN EQUITY



It is your goal to only purchase a property with built-in equity the day you buy it

(example: value of \$200K, you purchase for \$150K) ...

or ...

Learn how to create equity where none exists!

To create equity you might:

- Short sale bank loans that are in default
- Discounting the liens or judgments and paying them off
- Discounting the seller carry back notes and paying them off
- Releasing liens by creditors

If this is not achievable, this is not profitable.