

Attorney and Real Estate Investor Dave Whisnant's Real Estate Investing Revolution:

## ***FREE REAL ESTATE PACKAGE***

***From David Whisnant, J.D. and Your  
Friends At Real Estate Depot!***

***David Whisnant's Full Investing  
Course is Now Available At Real  
Estate Depot***

### **Real Estate Investors: What Our Free Real Estate Investing Package Has For You...**

**Thank you for selecting our free real estate investing package.**

**We have a great relationship with Real Estate Depot, and are proud to offer this free package to visitors and friends of that site!**

**You will find a wealth of information here, including a full set of all the articles on our web site so that you can read them offline at your convenience.**

**The hyperlinks in this e-book will work as long as you are logged onto the internet while reading it.**

**The ordering link for Dave's Course Through Real Estate Depot is:**

**<http://www.reidepotshop.com/Whisnant/magnetic.html>**

**Please check in with us often, and bookmark us, as we are always adding material and resources to our site for you!**

**This e-book is set up for easy printing, so enjoy. We have formatted the document as one big page so that you don't have to print each individual section. One easy click should print the entire document!**

## Free Package Resources (In Order)

- 1) [Advanced Instruction Opportunities](#). Per repeated student requests, I do offer a complete course that will give you everything you need to become a full time real estate investor with a predictable growing income. **Unlike some, I do not believe that you should have to pay an arm and a leg for my information, and I look forward to sharing with you.** Nor will you ever experience endless pressure to sign up for boot camp weekends that cost thousands of dollars. We don't do business that way, because we've heard too many stories about people spending their last dimes to attend those events. Please do not think that this free package is just a big sales letter. The offer for our course is a minor percentage of the over 100 pages of material you will find!
- 2) Real Estate Deal Diary
- 3) Real Estate Investing Articles
- 4) Common Investing Questions
- 5) Carleton Sheets Reviews

Warmest Regards,

[David Whisnant](#)

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# Resource 1

## Advanced Instruction Opportunities With David Whisnant

**If this free package benefits you, you really will learn when you preview our risk free real estate investing advanced course for free! Details follow!**

At Last...The First New Ideas In Real Estate Investing Since The 1970's DISCLOSED...

**How Attorney's Revolutionary Foreclosure System Will Change Your Life Forever—Shockingly Powerful Foreclosure Marketing, Property Locating, Marketing, and Seller Persuasion Strategies Revealed.**

**And The Best Part is That The Turnkey System Does 90% of The Work For You, Even If You Have No Real Estate Experience!**

Dear Friend,

If you want to find out why you haven't been able to get the results that you want in real estate, then this letter is perhaps the most critical piece of reading to your financial future.

**This letter contains the secret that will make you the one person out of a hundred who will earn a predictable six-figure-income as a real estate investor. This letter also contains the secret of how to simply buy your dream home for pennies on the dollar and live a county club lifestyle on a "fast food" budget.**

First, allow me to introduce myself. My name is David Whisnant. I am a licensed real estate attorney in Georgia. I received my B.A. from the University of North Carolina at Chapel Hill, and graduated from Law School at The University of Georgia School of Law in Athens, Georgia.

I live in Avondale Estates, a quaint town just outside of Atlanta, with my wonderful wife Julianne, our daughter Katherine, and two golden retrievers Maggie and Henry. (Plus, we have a new baby on the way). We enjoy everything that real estate

investing has given to us, especially our free time and freedom from financial worry. It allowed us to buy a home for my wife's parents to live in to provide day care for us. We paid .50 cents on the dollar for a house in a wonderful neighborhood. We start the day off at our pace with our daughter, our two golden retrievers, and 2 huge cups of coffee in mugs recently sent to us by a successful student. (The mugs are great with two houses with sold signs in front of them—all hand done!)

**Now more than ever, leadership is important, so I want you to know that everything I am saying is true. You can verify my Bar standing with the Georgia Bar at 1-800-334-6865. My bar number is 752810. Our business license number is 2001-150 with the City of Avondale Estates, Georgia. You can verify our corporate standing (Wiltshire Properties, Inc.) with the Georgia Secretary of State at <http://www.sos.state.ga.us/corporations>**

I worked 60-80 hours per week as a real estate attorney for years, and noticed that my fees were nothing compared to the \$30-50,000 being made by foreclosure investors, many of whom were retired attorneys themselves. **One of these attorneys turned investor (H.L.) explained to me that I was crazy to practice law when what we knew as lawyers gave us an incredible advantage over every other investor. “Bing!” The light bulb went on, and the profits commenced!**

**What I can do for you that no other person can is give you this same information, in full, for a fraction of what I paid for my legal education. This is the BEST dollar for dollar educational and earnings return on any course anywhere in my opinion.**

**You do not need any prior education to use my system. No college education is required. I will personally teach you everything you need to know.**

**I'm Not Bragging, But I'll Put My Deals On The Table For Everyone To See. I'll Even Tell You The Street Addresses, County and Zip!**

**As I am sure you will see, I am a believer in giving the nitty-gritty specifics on everything that I do, and teach you to do. Here is a sample of some high profit/low effort-risk foreclosure and distressed property deals that I have done personally with street addresses, purchase price and sales price.**

I can teach you how to do fat deals like these, get out quickly, and maximize profits. All documentation supporting these figures is on file. Some properties required paint and fix-up, while others sold as is with no work by us at all.

**Learning with a mentor is one of the best things you can do to be successful quickly, easily and safely. Make sure that your teacher has actually been out and done what he or she is showing you how to do!**

Remember that no experience is necessary and there are no educational requirements to do deals like this on a consistent basis. Imagine what even one per year could do for you and your family!

		<u>Contract Purchase Price</u>	<u>Sales Price</u>
2842 Wiltshire Drive, Dekalb County	30030	\$89,100	\$140,000
2848 Wiltshire Drive, Dekalb County	30030	\$90,000	\$173,000
1033 N. Carter Road, Dekalb County	30030	\$65,000	\$146,500
1327 Carter Road, Dekalb County	30030	\$34,650	\$129,000
833 3rd Avenue, Dekalb County	30030	\$72,152	\$120,000
1363 Oldfield Road, Dekalb County	30030	\$87,601	\$144,637
1457 Catherine Street, Dekalb County	30030	\$50,037	\$137,000
1258 Portland Avenue, Dekalb County	30016	\$87,068	\$197,000
1845-49 Cannon Street, Dekalb County	30032	\$82,000	\$113,000
2467-69 Lynn Iris Drive, Dekalb County	30032	\$82,000	\$113,000
(Above two properties were contiguous duplexes bought and sold as a pair).			
1076 Forrest Blvd, Dekalb County	30030	\$104,900	\$178,700
1155 Mayfield Drive, Dekalb County	30033	\$101,500	\$157,000
3083 Vista Brook Drive, Dekalb County,	30033	\$95,000	\$131,900
573 Scott Circle, Dekalb County,	30033	\$90,000	\$148,500

**You may want to get some rentals eventually. Here are some nice distressed property rental deals that we picked up with present values.**

**Buying property this way is like going back in time and paying yesterday's prices today!**

		<u>Contract Purch. Price</u>	<u>Now Worth</u>
2822-24 Chester Way, Dekalb County,	30030	\$99,200	\$180,000
729 Brown Place, Dekalb County, Holding as rental	30030	\$102,600	\$150,000
577 Stokeswood Avenue, Dekalb County,	30316	\$120,000	\$160,000
733 Hillmont Avenue, Dekalb County,	30030	\$73,050	\$170,000
1045 Walker Drive, Dekalb County,	30030	\$135,000	\$200,000

*I discuss these and other transactions in detail in my course, and let you learn from these deals.*

**Warning! Don't Make The Biggest Mistake In Real Estate Investing...**

**The biggest mistake in investing is to do what everyone else is doing. You can never get ahead if you are doing that, because only a small percentage of people following the herd succeed.**

Note that the richest people in our country like Bill Gates, Ross Perot, Ted Turner, or Donald Trump became rich by NOT following the herd. That is why it is critical that you get information that is not known or readily accessible by your competition.

When I started, I went out and bought every course that I could to find out about investing. My hard earned savings went directly to the TV guy, and the other lesser TV guys. I paid tons of money to see them speak, and attend special classes. I sent away for everything by mail, and still was no closer to doing anything. In fact, I was confused by many of the ideas and techniques.

**Before I refined my unique system and stopped trying to invest the way all the “copy-cat” artists suggested, I had terrible results, and LOTS of disappointment and self-doubt as to whether or not I could invest successfully in foreclosures and distressed properties.**

**Some of the embarrassing offers I made based on the big gurus’ courses included:**

**1) Embarrassing!** Making the seller's car part of the deal. The plan was to resell it after closing to recoup my down payment. The seller looked at me and said, "How the he\_ \_ am I going to move if I don't have a car?" That deal didn't work.

**2) Embarrassing!** Creating a loan on another piece of property I owned, and trade it to the seller for equity. Several sellers were totally baffled by this one. One seller was totally confused, and needed to run it by their brother's work friend, who knew a lawyer. By the time the contract was looked at, the deal had been picked up by someone else for thousands less. None of these deals were accepted. Ouch.

**3) Embarrassing!** Countless offers on homes that were listed with agents asking the agent to "finance" her commission for us. We'd pay the commission over time instead of at the closing. The realtors were MAD to say the least, and directed their seller not to deal with us. I still feel bad about these as I am sure these realtors still think I am an idiot. At the time I was just following the seminar junk.

**4) Embarrassing!** Tons of meetings with sellers offering them \$10 for an option to their property. This technique was from a TV regular shown on a boat with bikini clad models. It later came out that this guru had never even owned any real estate. (Oh well, another two grand down the drain!)

**5) Embarrassing!** Countless hours of calling ads in the newspaper, totally unaware that the good deals were not clustered in the paper. A huge waste of time.

**You name it, we tried it. After nothing worked, I decided that I should just do things my own way. That has led me to where I am today.**

I had to go in my own direction to perfect the system that I am willing to share with a select group of students because I enjoy teaching and helping people that are honestly looking to succeed.

## **You Should Know Where I Stand: The Truths**

**\*Truth! I know that real estate is the best way to make money on this planet.** The tax laws are still written to encourage you to be rich in real estate. Why not take advantage of them to create a better lifestyle for your family safely, easily and securely.

**\*Truth! Fixing leaking toilets in the middle of the night is no good!** I have done it, and still do own rentals. I want to teach you how to make money hand over fist without having to get your hands dirty!

**\*Truth! I am more interested in making spendable cash than piling up equity.** What good is it to be worth \$1,000,000 if you can't pay your light bill or take an extended trip to Germany for Oktoberfest like I did a couple of years ago. I will teach you this. We do have rentals, but only as a long-term retirement vehicle. The fun and money is in buying and selling as quickly as possible for maximum cash in pocket. I will show you how to do this.

**\*Truth! I feel that you should have everything you need in one course even if you are a beginner.** I will never try to upsell you to some \$1,000 course. You should get everything you need to succeed right off the bat. No prior education or training is needed to do this business successfully other than what I will teach you. My course was over 300 pages in its original paper printing. This is not some 40 page e-book.

**\*Truth! I may be controversial here, but I believe that most of what is taught in real estate courses, especially the no-money-down stuff is dated, over the hill, and ineffective in the current day due to major changes in lending laws. At worst, it is fraud because these techniques are junk.** I receive angry e-mails from people who still teach that stuff, but this is a mission of mine to teach the best foreclosure course available at any price. I made many of these offers, and suffered tons of humiliation when they couldn't understand my offers, or rejected them right off the bat.

**\*Truth! I believe that you should never have to break any laws to succeed,** and you should beware of the 90% of courses that hint that "a little loan fraud is o.k." We'll teach you the right way, which was critical for me. I have seen ideas taught in courses that were completely illegal, and the worst part is that the non-lawyer student would have no idea.

**\*Truth! I believe that once you do make money with this system, that you should try to give some back in your community.** My wife and I volunteer with immigrant children and support several causes, you should do the same. After September 11, we all need to stand up and help lead this country forward.

**\*Truth! Rejection stinks.** I have designed my course for people who don't want to handle tons of rejection or feel embarrassed.

**\*Truth! Risk stinks.** When you do this business my way, you will absolutely minimize risk and maximize profits. Security is important to me, and I don't want to take risks that I don't have to. You won't have too either.

**\*Truth! My billing rate when I left my legal practice was \$125 per hour. This course would literally cost you \$9-12,000 if I were to sit down and take you through it.** If you want to prosper in this business, pay me that sum, buy the course, or go to law school, but don't buy any course by someone who "claims" to know what is going on.

***“Teach A Man To Fish? Who Wants To Do That? — Give Me The Darned Fish!”***

**Part of the problem with most courses is that they don't give you a system to use. You have to do too much of the work or thinking for yourself, or you are told only half of what you need to know. That's no good. Most courses are not really systems, and they allow you too many ways to fail. We eliminate those areas, and give you the best chance to succeed. Guaranteed.**

**You are going to have some key advantages with my system that you will not get in any other course. I call these the attorney's secret advantages just because they involve ideas and techniques that are so far out of the mainstream that no one is using them, except for myself and some other “in the know” lawyer folks that I associate with. However, all are easy to implement with detailed instructions in simple clear language. Remember that these techniques can be used by the novice. There are no educational or other requirements to start!**

**Attorney's Secret Distressed Property Advantage #1:**

**You Can Use My Magnetic Marketing System and Fast Automatic Prospecting Letters TODAY To Get The Exact**

## **Same Type of Foreclosure and Distressed Property Deals That I Have Landed!**

**First of all, I've made implementation of this foreclosure and distressed property system 90% no-brainer. I've done 90% of the work for you to be successful. All you have to do is put in the other 10%, and you will be a success in this business. I guarantee it.**

**In addition to nearly 300 pages fully detailing and explaining my unique and proven approach, I've included complete direct marketing letters and my marketing system. These documents are marked COPYRIGHT FREE, which gives you permission to take them and use them, as-is! (If you could find a cheap freelance copywriter to create marketing materials for you, it would still cost you well over \$1,000 to design a campaign, and those materials STILL WOULDN'T BE PROVEN! These materials alone are worth thousands to you!)**

**Now, hold on for the part I love: While information and ideas have their place, the gap must be bridged to get you to actually implement the ideas. I know that if you are confused, you won't follow through. That's why this system is set up so that it can be followed easily and logically by anyone. You will be able to steal and use these mega-power strategies and ideas outright, as if you created them. Just make any minor alterations you desire, change the address at the top of the letter, and mail them out. I am surrounded by people who ask if this type of system works in different types of real estate markets. These materials will work in any area of the United States. Most techniques and the letters can also be used in Canada. They will work in good or bad markets, with all types of sellers. Let me repeat: 99% of all real estate market conditions and situations are covered here.**

**This kit uses magnetic marketing techniques that work on human emotion. They are time-tested psychological methods that have been used to motivate for decades. and are being applied, I believe, for the first time in the real estate arena. Your sellers will respond in droves to the appeals made in these materials. No cold calling or knocking on random doors for you!**

### **Attorney's Secret Distressed Property Advantage #2**

**Dramatically Shorten Your Learning Curve With Step-By-Step Foreclosure and Distressed Property Buying Techniques and TONS of Real Life Examples**

**In addition to all the powerful step-by-step information that I am going to give you, I follow up almost all points with a real-life example of a distressed property or foreclosure deal I've done. Learn from my mistakes. Let my experiences be your own.**

**Most investors, even investors who author books, seem to clam up when they are about to reveal the real nitty-gritty of how they land deals. I don't. This information is all cutting edge. I earn my living as a real estate investor, not a book seller. As I am writing this letter, I closed on a house today (a sweet little starter home that should bring me about \$30,000 in profit!)**

**My range of experience is frankly beyond most gurus. I am a licensed real estate attorney. I made so much money as a real estate investor that I gave up my law practice and now devote all of my time to real estate investing. I will give you up-to-date information regarding lenders and loan practices. I would have charged you \$125 per hour to consult with you in my capacity as a top-notch real estate investor. I'm giving you material equivalent to 30 DAYS of consultation here, worth around \$10,000 to you!**

### **Attorney's Secret Distressed Property Advantage #3**

#### **Total Immersion -- Learn More Real World/No Fluff Foreclosure and Distressed Property Information That You Can Apply Easily, Quickly and Safely**

**You'll master the following skills that will allow you to dominate your foreclosure and pre-foreclosure market. Remember that I go step-by-step on all of these, so even if you are a total beginner, you will need no other course.**

- 1) State-by-State foreclosure information and detailed instructions on determining what the law is in your state and how to gain every advantage to find out about foreclosures weeks before your competition does. I would not have learned this without my legal training, and now it is yours for free!**
- 2) Detailed legal information on how to keep from getting burned on foreclosure deals, and the untold dangers of loan assumptions. This goes far beyond due on sale clauses, and if you don't know it, you could lose everything.**

- 3) Winning the psychological war with people in foreclosure, and how to communicate with them so that they will absolutely sell you their property.**
- 4) Key forms you will need to use to work with people in foreclosure, and a one-page form that you can file to keep the seller from conveying to anyone else. This is critical!**
- 5) Why custom forms that are touted as a bonus in most courses are junk, and can hurt your ability to get a deal. We give you all that you need, and the best source for contracts to make an offer on.**
- 6) Why you have to proceed differently in different states, as there are multiple types of foreclosure used in different areas. Most gurus don't tell you this, so learn the facts here!**
- 7) The Laser/Floodlight philosophy that you must have as a successful real estate investor.**
- 9) Reverse Marketing -- A technique that will revolutionize the way you find properties. You'll probably be the only game in town using this idea!**
- 10) How the Sunday paper can revolutionize your financial life. (No, this is not the tired guru concept of looking in the paper for people giving their homes away.)**
- 11) A step-by-step in-depth guide for determining the ideal neighborhood that will create your investing fortune.**
- 12) How to visualize market trends better than 95% of other investors using simple materials that can be bought at any drugstore.**
- 13) Foolproof tests for determining where a neighborhood starts and ends.**
- 14) The "dirty thirty" list of your top prospects. How to quickly assemble this lucrative list and market to them.**
- 15) The ugly truth about rental property and cash flow.**
- 16) How to profit tax-free with real estate. Depreciation is NOT involved.**
- 17) The specific group of sellers to target for maximum success.**
- 18) How to master the public records for maximum success.**
- 19) Mega Marketing Section**

Everything you need to make deals happen is here. Ready-to-go letters will have your business humming along in high-profit mode in a matter of days.

20) Lease/options and other special techniques to get you started with little or no money.

21) Mega-Rehab Section

How to do a full or partial rehab. What to fix to get the most dollar value and attract our identified buyer. What not to fix. Prices that I actually pay in the real world to get work done. Tons of super-specifics like the actual wall colors we use, and the brand and color of kitchen countertops and cabinets in our rehabs. Where to find the best subs (not the yellow pages!) How to combat odor problems, especially animal odors. Estimating repair costs, and how to get a copy of the very reasonably priced national remodeling cost data price book. Plus, insurance information and advice.

22) Tons and tons of critical financing information .

Sub-prime lenders, hard money loans, and full documentation/low documentation investor loans. You'll be able to move fast when you know where to get the money. This section will spell out the types of financing you can pursue regardless of whether you have good or bad credit.

23) What never to tell agents if you want your offers accepted.

24) A simple guaranteed test to determine if your mortgage broker is a deal maker or a deal breaker.

25) Tons of negotiating tips and strategies that you won't learn anywhere else, and much more!

## **Attorney's Secret Distressed Property Advantage #4**

**Mastering the Public Records To Dominate Your  
Foreclosure/Distressed Property Marketplace -- Tax Assessor's  
Office, Record Room, and Probate Court**

**This is a big giant maker, and it draws directly from my experience in performing literally thousands of real estate title searches. I learned how to find the hidden sellers, and locate owners where most investors would shrug and move on to their next lead.**

**You will learn how to:**

**Find the owner of any property you choose, find addresses and phone numbers for people who may be able to help you secure a property, and effortlessly generate leads. You will no longer be part of the uninformed pack that sits around calling ads in the newspaper, or relying upon realtors to bring you enough deals to make a living as a real estate investor.**

**Learning how to use the public records is much more simple than you would ever believe. I have trained people to use these records in a single afternoon. You will be able to buy homes that are not even on the market, and make your competitors wonder how you do it!**

**Short on Time? Can't get to the courthouse?**

**No problem! Did you know that most of these records are available online? Even if they are not in your area (like my area), no problem.**

**I'll give you the name of a little-known company that maintains a private data-base of these records nationally. They will give you access for very reasonable prices. (I subscribe to this service myself to save time and effort!) This contact is worth the price of the course itself many times over.**

**Attorney's Secret Distressed Property Advantage #5**

**If this Foreclosure and Distressed Property System Works for a Guy Like Me With A Goofy Haircut, Imagine What You Can Do!**

**Some people have success no matter what they try because of the way they conduct themselves. They are said to have charisma, or a special ability to make anyone feel comfortable right off the bat. People like that often are successful at whatever they try because they have a gift.**

**That's great for them, but it definitely is not me. Unfortunately, I never got the gift for gab, but you don't need any special talents to make my system work.**

**If you do have that type of personality, you may have results even better than mine, but you should do no worse if you apply every technique that I teach.**

If you are able to shake someone's hand and be honest with them, this system will benefit you. (Not to jump the gun, but I back this up with more straight shooting—the biggest guarantee in the biz!)

**The key to my system is the system, not who is running it!**

**My system will work for anyone that is willing to put in a little effort. It really is like putting a boat in the water. You've got to make a small effort to push off from shore, but once my system is working itself, you can sit back and let the deals and results come to you. Then your time will be your own, and you will be free from financial worries forever.**

**Remember, no special education or prior skills are required. We start from square one and move forward. This course is perfect for the beginner!**

**If you are nervous about approaching people, or do not have a knack for saying the perfect thing all the time, this will work for you. I'll even give you skills to use so that you can bring yourself to take action, perhaps for the first time. How do I know that you will follow our system even if you are a beginner or totally nervous? Simple—it has worked for me. My whole system is oriented to finding buyers that are so eager to sell that they will do business with you if you have a pulse and treat them kindly. That's it. Finally, something for EVERYONE!**

**My Outrageous Guarantee:**

**"If You Don't Feel Like A Pro Straight Out of The Box, And Do At Least \$50,000.00 In Flips In 12 Months, I'll Give You Your Money Back. Period."**

**Furthermore: If Any Pompous Realtor, Seller or Contractor rolls their eyes at you and says, "Another new investor huh?" I'll refund your money immediately!**

**Guarantee!** I'm guaranteeing profits and the power to take charge of your real estate investing life, or buy your personal dream home for pennies on the dollar! No prior experience is needed.

**Guarantee!** I guarantee that what I will teach you will get you over the real estate investing hump. You'll feel, act, and get the results of a seasoned professional because all of the information you need is in there. It's like having "virtual" experience.

**Guarantee!** You'll talk to sub-contractors, to realtors, to sellers with total and absolute confidence and control.

**Guarantee!** No special training or prior education is required to prosper with this system. In fact, no experience may help you, as you won't have to unlearn any bad ideas taught in the dated mass marketed courses!

**Guarantee!** You won't be making nutty offers with discounted mortgages, taking the seller's furniture or car, or trading equity in a note for the down payment. You won't need that to do "no money down" real estate.

**Guarantee!** I'm offering a full 12 month money back guarantee. If the course didn't benefit you, I'll gladly refund every penny you paid for my course.

**My Total Satisfaction Guarantee is why I argue that my course is really free. If you are serious and it doesn't work for you, you get your money back. In full. When you make money, the course will have paid for itself. Free. I have given my course to friends and family members as a gift, because I want this complete and easy system to change their lives the way it has changed mine. It isn't lonely on top if you take your friends with you!**

## **The Only Real Bonuses In The Business!**

**You probably have noticed that most gurus try to get you excited about their bonuses, which usually turn out to be a page of junk. If the material was good enough, they would have listed it as part of the course.**

**I told you earlier that I am a straight-shooter. Thus, I am not going to tack on a bunch of meaningless bonuses to get you to buy this course. I am going to give you several bonuses that will help you understand the course better, and make it difficult or impossible to fail to take action. That beats a one-page report on how to protect your assets, or the name of some national lender, or the common thin bonuses that are so often put out. We've bought those same courses, seen the bonuses, and have not been impressed.**

## **FREE BONUS #1--\$297 Value**

### **I'll Help You Discover and Use Your Inner-Motivation Machine.**

**I want you to have more than techniques and turn-key tools to actually have sellers begging you to buy their homes! I want you to have the unique motivational system that I developed for myself over the years, and that I use every day to increase my personal power and drive. After listening to the true heavyweights of motivation, I created what I believe is the easiest and most effective goal making and success builder specifically for real estate investors. Techniques and information alone don't guarantee success. My motivational system will ensure that you and I are on the same mental page. It will literally turbo-charge the results you get from my system.**

**This is no skimpy 5 page treatment, but an in-depth sub-system that would take up several cassette tapes if dictated. All for you, my biggest personal motivational secrets. You'll be in my head. The key to making money is modeling someone who is already doing what you want to do. You'll have my techniques, my marketing materials, and my philosophy/self-motivational methods to make sure you follow through in a massive way. Once you implement my whole system, success will come fast and with what will feel like minor effort. My course will work for you, because you will have access to the way I think about things plus my exact step-by-step techniques. I am excited for you and the awesome changes that your life will soon be taking. Plus, check out these HUGE bonuses . . .**

## **FREE BONUS #2--\$37 Value**

### **Detailed "Get Started Today" Plan**

**I have included a fast start section to tie everything together and give you a specific path to follow. You will become a Magnetic Pro in no time. Simply look upon this as a road map, determine where you are, and start from there. It's really that simple. This is a key element that completes the other money-making**

components of my course. You receive education, motivation, and then a specific plan to channel the information and motivation into. It does you no good to be educated and not motivated, and no good to be motivated with no specific outlet for your energy. You get it all here!

## **Free Bonus #3--\$97 Per Update**

### **Free Updates For 24 Months**

We are testing new ideas constantly. I am always moving forward to stay ahead of the competition. Thus, I will always let you download the newest version of my course for free from me. No cost to you, and always the best information. For example, I am working on a monster classified advertising idea right now that has cost me thousands in testing and is almost perfected. Want it? I'll give it to you for free when it is done. Time in the real estate world moves at twice the normal speed. You have to constantly stay ahead of your competitors, and I intend to make sure that I do, and that my students do.

## **Free Bonus #4--\$200 Value**

### **True Consultation**

Register your course after purchasing it, and I'll give you access to the actual questions asked by my students over time. We have found that most students have similar questions, and we will lay out scores of these questions for you to further learn and perfect this system.

We used to offer personal consultation, but have found that people prefer this, as I can really get more in depth and the facts fit 99.9% of situations that exist in the real world. Think about it. If someone is selling thousands of courses per year, how can they really answer each question individually and give it the dignity it deserves? Again, straight shooting is key for me, and I want to help you get the best results possible with no hype. After interacting with hundreds of students, I know the questions people have. We beefed up the course in those areas, and have pages of questions and answers that you can access. This is MUCH more useful and valuable than thin promises of personal consultation.

**Thus, the course itself would be worth at least \$10,000 if you paid me personally to teach it to you.**

**The bonuses alone are valued at \$631. When these work for you, they will be worth much, much more!**

**Total Value: \$10,631.00**

### **Benefits Especially For You!**

**For a course with this much information, and that preaches the new philosophy of marketing-based real estate investing, the following persons will benefit strongly from purchasing this course:**

1) Any person who has dreamed of being a real estate investor, but cannot seem to get other courses or ways of buying real estate to work for them. (Dave's note: I bought almost every course on the market when I got started, and didn't begin to make money until I branched away from what the creative real estate gurus were teaching. I developed my system based upon what I was doing to attract business to my real estate law firm. I built my law practice mailing specialized targeted mailings, and I didn't see why that would not work in real estate. I modified the letters and approach for real estate, bought enough houses to quit the law, and now enjoy the more relaxed lifestyle that being a real estate investor gives me.)

#### **No Prior Experience Is Needed!**

2) Any person who refuses to pay market price for a personal home to live in. We bought our personal home this way, and had a huge chunk of equity when we moved in. This course is also perfect for the person who wants to live in a nicer neighborhood than they should be able to afford. Buy under market, and have the same mortgage as your friends, but a much nicer home!

#### **No Prior Experience Is Needed!**

3) Any seasoned pro who wants to make this business easier and more predictable with proven magnetic techniques for finding sellers and rehabbing for maximum profit.

#### **Do It Our Way And Double Your Profits!**

4) Any person who has a short time-frame to retirement or who has been laid off and is looking for a business that can provide a realistic six-figure income NOW.

**No Prior Experience Is Needed!**

5) Any person who never wants to have to buy another course again, who is looking for complete information, and is ready to act now.

**No Prior Experience Is Needed!**

6) Any person who wants to learn how to rehab properties for maximum profits.

**No Prior Experience Is Needed!**

7) Anyone who has ever procrastinated in the past, and who needs a little push coupled with incredible information to finally take some action and fulfill their dreams that they have for themselves and their family.

**End Procrastination Forever!**

**You'll learn more in this course than if you bought EVERY SINGLE ONE OF THE BIG GURU COURSES AND PUT THEM TOGETHER!**

**The only people who should NOT take advantage of this special offer are those who want to continue to:**

\*Bang their heads against the wall, trying to re-invent the wheel for themselves.

\*Live in the "what ifs": "What if I had gone for my dreams? What if I could leave my present job?"

\*Buy overpriced books and courses and \$2000 boot camps from the TV gurus for the next 10 years.

\*See their dreams continue to be unfulfilled, and feel a pang every time they see the TV gurus and know that they fell into that trap.

\*Buy into the silly and complicated "no down" techniques of the 1970's.

\*Wonder why they have never been able to make a full-time living out of real estate.

***I cannot imagine why anyone else would pass up this incredible learning opportunity for the special price that follows...***

## **Warning! The Decision You Must Make Now Can Only Hurt You If You Say *No...***

The difference in success and failure comes down to the quality of the decisions we make at any given moment. This course, for this price, with an awesome 12 month money-back guarantee, means you risk absolutely nothing.

If you would treat me and yourself to lunch at McDonalds nine times to hear me talk about real estate investing, you should definitely order this course, as that is the equivalent investment you will be making. I cannot stress enough the value of this information. These techniques will be new for only so long, so you need to order now to get started.

Order now, and get started in minutes. You will not regret it, and you are totally protected by our full 12 month guarantee which makes this the safest and easiest real estate purchase available today! The only risk is NOT ordering this course.

## **There Is Nothing To Lose and Everything To Gain—If You Act Now!**

I have given you everything you need to make this system work. Plus, it has only recently been introduced to the general public, so this is the time to get on board, and make your fortune with these techniques. You truly are in the right place at the right time! This is like being back in the early 1970's when the "No Money Down" techniques were effective and unknown. Opportunities like this do NOT appear every day.

## **Special Pricing For Those Who Are Ready Today!**

This course has sold for up to \$200, and many students have told us that it should sell for well OVER \$200. My goal is to make this information available to everyone at a special price because I know that many people have tight budgets.

**WARNING! — We may raise this price at any time back to the old price level, or higher. At that time, we will NOT be able to make any exceptions and offer the lower price to anyone. It wouldn't be fair those who paid the higher price. Thus if you want this information, I would urge you to act now and use the savings to do something special for your family or donate the savings to your favorite charity. If you are not willing to burn a \$100 bill, you should order now to get the special price and our full course at a historically low price!**

## **Just Say Maybe Today And Make Up Your Own Mind With No Risk, And At Your Own Pace!**

**If I am willing to do 90% of the work for you, can you do 10%? Can you say maybe and get our course today? Rip it apart for an entire year and it will prove its worth to you. Remember, I am giving you the fish here, not just teaching you what to do. The time to dream is past, and the time to take action is here.**

**We are in a unique economy with low interest rates and a slower market that is PERFECT for foreclosure and distressed property investors.**

**I can't make the order for you, but I can guide you to your goal with as much pleasure and as little pain as possible once you do order. The last thing I want to do is pressure anyone, I am just excited because I realize how powerful these techniques are. Order now, and let's get started in minutes!**

Sincerely,

*David Whisnant, JD*

P.S. Order now, and you can start in minutes. There is more quality information here in this nearly 300 page course than you have seen in any other course at any price. Here is what other people have to say that faced the exact same decision that you are making now.

# **To Order, Visit:**

## **Real Estate Depot Online Store!**

**<http://www.reidepotshop.com/Whisnant/magnetic.html>**

Many of these people paid MORE for their course than you will have to IF you act quickly and take advantage of our special pricing:

"I enjoyed reading your course. It was easy reading and informative. I believe it was a great motivator for me to

make an offer on my first house. I had previously had a "one of the television courses" and did not get as much out of it as with your course. As you stated in your course, they are not up to date with a lot of the information. **I am presently under contract for my first house thanks to you and your course."**

**Lois Z, Self Employed Internet Auctions, New Jersey**

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"Dave was right! Thanks to him, this course is the last course I will have to buy. I am satisfied with his course because he stuffed it with so many ideas. I bought the Sheets course and found that it was out dated and full of fluff. Unlike Dave's course, I don't think he has been out in the field to buy a house for a long time."

**Eric M., Real Estate Investor, Michigan**

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"This course has been greatly informative. I have read several books and talked to many people, but much of this information was refreshingly new. Using the reverse marketing strategy is absolutely the best idea I have heard. The dirty thirty list is quick and easy to obtain. I am a stay at home mom and I just drive our target neighborhood while my son sleeps in the car. This couldn't be easier. And using the tax records has been a wonderful suggestion and edge on our competitors...There isn't anything that I would change for the small fee. This course is packed with extras and a wonderful guide...The new information that you had to offer in this course was well worth the price. The reverse marketing and using the tax records information I had not found anywhere. You did not just skim over these topics, but discussed them in detail."

**Erin P., Stay at home mom/Radiology Technologist**

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I've bought another course before, read through the whole thing, listened to all the tapes and returned it because none of it made sense given today's markets, and laws! Your course has given not only up-to-date advice on starting out in real estate investment, but also great sources for finding the deals that could actually work out. I have my eye on three properties right now...Excellent! I really feel like I'm actually going to make it happen!

**J.H., Director of Engineering, Mass.**

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"Simple, to the point, and I know it will work for me. I'm a licensed broker for 15 years... The part I like the most is how to find the deals. This is the hard part...no b.s., no half answers." (This student commented also that the course was less expensive than it should be, and that \$250 was a suggested price).

**Jeff H., Real Estate Sales, Florida**

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"I have just purchased this course. After reading it for the first time it seemed more streamlined than other courses I had purchased. The other course was Carleton Sheets. His course had a few good points but the rest was a waste of paper, not to mention my money and book shelves."

**Michael K, Career Fire Fighter, Connecticut**

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"...I understood for myself that it (the course) contained a missing element that I was searching for. Specifically, the who...what...when...where and why...I can't think of what could be done to improve this course."

**Brian Z, Manufacturing (Plastics), North Carolina.**

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"The course is straight forward. Most courses talk in generalities and never give you specific examples. They certainly don't start with the basics 'how to get educated on a specific area to purchase in'...

**Patti M., Sales (electrical), Florida**

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"Hi Dave, I have enjoyed reading your course...I am a single mother with three children...(What I liked best about the course was) the information concerning research at the courthouse—or how to use the city's resources to aid your research. I had no idea where to start and the course gives you great info on this...Thanks for the course..."

**Cynthia W., Administrative Assistant, Florida**

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"Finally some practical information! This info will help me take action! The course shows how the real world really works and how to profit from it. I have experience in real estate investing and would recommend this system to a friend without reservation. (What I like most about the course is) how to look up courthouse tax rolls, examples of letters, and how to farm specific areas."

**Diane B., CA**

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"Great information that I have not seen elsewhere . . . No extra fluff -- This is the real deal. (What I like most about the course is) how directed the information is and how real-world applicable it is."

**Javan H., CA**

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"This course could very well make the difference in me landing deals this next year...I own Carleton Sheet's course, and find that your course offers more...information that I can immediately use to profit... A lot of good practical ideas. Great step-by-step approach. Showing most of the pitfalls as well as benefits."

**Mike M., IN**

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"I would recommend this course to a friend . . . Straight forward, real world explanations . . . Steps organized in building fashion (starts simple and adds details.)"

**Jeremy K., MI**

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"Cuts thru the BS...The detailed rehab info was great! This course is an excellent investment in myself."

**Kelly C., MO**

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"Down to earth advice, easy to understand so it'll be easy to put into practice. (Carleton) Sheets' course is just confusing enough to try to get you to buy more."

**Mark H., Kansas**

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"Just a note to let you know how impressed I am with your product. Truly worth every penny and then some...If you'd

like to refer prospective purchasers to me for reference...please feel free."

**R.L. Baker via email**

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"(What I like best about the course is) the cost details -- I have started using your color schemes and adding additional bath(s)"

**Bob S., SC**

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"David, This course is wonderful. I've been studying this business for years, but could never find the courage to get my feet wet until now! This is a "real life" lesson! Very practical advice that can actually be beneficial."

**Shawn N., Texas**

## To Order, Visit:

### Real Estate Depot Online Store

<http://www.reidepotshop.com/Whisnant/magnetic.html>

## RESOURCE 2

*Free E-Experience!*

**Deal Diaries: How Real Deals Were Made, Lost, or Saved**

By David Whisnant <http://www.4realestateinvesting.com/>

Welcome! The purpose of this e-report is to share with you several deals that we made over the course of the last year. These deals are representative of situations we routinely encounter. Each had its own challenges and rewards. Most real estate courses simply tell you that a seller was found, the deal was made and closed, and how much the profit was made. What most real estate courses omit is the chain of events from the time initial contact is made up until the closing. **If a friend has forwarded this report to you, we invite you to visit us at [www.4RealEstateInvesting.com](http://www.4RealEstateInvesting.com)**

All of these deals were found with techniques and methods that are more fully developed and explained in a step-by-step fashion in our course. I invite you to check out our web site for information on our new real estate course. We have information and techniques that are not included in the major courses that we have looked at. Our method is the first new trend in real estate investing in the last 20 years.

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### **Deal Number One: The Ex-Husband Still On Title**

The first deal we will consider is a house that we bought this year. This house is your typical 1960's brick ranch: Three bedrooms with 1 1/2 baths, in a nice solid middle-class neighborhood. We found out about this house from someone that we bought a house from approximately eight months earlier. Our present seller was in foreclosure and she needed to sell quickly. She'd been approached by over 22 investors and had received numerous visits and solicitations to sell her home.

I was on vacation in Florida at the time she called. I cut my plans short, and returned to Georgia the ***next day***. When I arrived back at my office, I did some market research on the value of her home. I was not very familiar with her neighborhood. I did know that it was in a good neighborhood, but had not done any rehabs in that area. I was able to pull several comparable sales using my access to the county tax records. I drove the neighborhood, looked for active listings, and asked my real estate agent to find the prices for those homes and recent sales in the neighborhood.

I set up an appointment with the seller that evening to look at the house.

When I arrived it was already dark, about eight o'clock at night. The seller had several teenage children who lived with her. They had drawn graffiti all over the walls, and generally trashed the house. The wood floors were destroyed. The kitchen was a mess. Countertops were beaten up. It was evident that paintball had been routinely played inside the house. I walked through the home and said positive things where I could. I went outside and shined my flashlight on the roof. I looked at the condition of the paint, and peeked under the house to see if the plumbing was copper, which it was.

**Big Rule:** It's never a good idea to put down or insult someone's house. Remember that they live there, and they don't want to hear that they're living in a slum. If you carry a checklist around, and write down things and groan, you're likely to be tossed out of the house. That's the truth.

Finally, we sat down at the kitchen table and she asked if I would be interested in buying the house. (Of course, I would be interested in any house at the right price, but I did not tell her that). She asked me how much money I could pay. I knew that houses in the area had been selling for \$160,000-\$180,000 on average, with a few larger houses selling for as much as \$200,000. Remember that we never want to be the first one to say a price. ***Note: This is a key rule of negotiation that we develop in the course. Many people ask me on a daily basis how you establish the price that you offer. I don't. I let the seller speak first, and I have some techniques that I mention in the full course to draw it out of them even if they don't want to speak first. Remember that he who speaks first loses!***

I asked her what amount she was looking to get for the house. I told her that I didn't want dicker back and forth, but I just wanted to know what she would consider to be a fair price. She finally said that she wanted to sell it in the high 90's, just under a hundred thousand. I told her that this seemed fair. (I came into this deal hoping to get the house for around \$100,000, which would have guaranteed me at least a \$30,000 profit.)

She asked me to come back the next morning with a contract. I had a contract with me, but she really wanted to look at it when she was fresh in the morning, and I was not going to push her. It was night already, and I was fairly sure that no one else would come after me that night. Instead of coming in at the low end of the “high 90’s,” I offered her \$98,000 for her home. Remember, the idea is to lock up the deal instead of making an offer that would require her to think it over for a day or two. By trying to save a few thousand, I could negotiate myself completely out of the deal. Keep in mind that numerous other investors were after this house, so I knew that time was a real factor. We signed the agreement right there on the spot. I asked her if anyone else was on title or held an interest in the property. She mentioned that her ex-husband was still on the title to the property. They bought the property together some years earlier and had divorced. She was supposed to buy the property from him according to the divorce agreement, but never did. According to divorce agreement, she was to receive title to the property after she paid him \$5000. She'd never paid this sum to the ex-husband, nor had he never requested or demanded that this payment be made.

From a technical standpoint, the contract was not fully binding because all of the people on title had not signed it. She could only convey what she held title to. However, the ex-husband was obligated to give up his interest in the property upon the payment of the \$5000 by court order. I felt that if we offered the money to him, he was obligated to convey his interest in the property to me or his ex-wife. In any event, this contract would be sufficient to bind up her interest in the property, and keep any other investor from legally signing a contract with her.

I determined that what we would have to do to close this deal is to contact the ex-husband, pay him his money, and get a quit-claim deed from him for his interest. This would not necessarily be easy. He might not agree to honor the court’s order. However I really had nothing to lose here because I did not give her any earnest money. I inserted a provision in the contract, agreed to by the wife, which gave me the right to cancel the contract if the cooperation of the ex-husband could not be secured. I

obtained the telephone number for the ex-husband from the seller and left the property.

The next day I called the ex-husband's number. He did not call me back. The following day I call the ex-husband's number again. Again, he did not call me back. I then called the seller, and asked her why she thought he was not returning my phone calls. She said that she had bad news -- that she was afraid that he did not want to go through with the transaction. The ex-husband said that the house was worth approximately \$40-\$50,000 more than I was buying for. The ex-husband further stated that if she were going to sell it for \$98,000, he would buy it for himself.

This was not a great development. I felt that without the ex-husband's cooperation it would be hard work anything out on this. Certainly the option was there to sue over the property. We would offer him his money, and state that he had to relinquish the title by law. If he wouldn't do that, we could sue in court to have the court order the title transferred. I did not want to have to sue to get this property. It's not really worth your time to do so.

I decided that the best route was a direct one. I prepared a letter offering him \$5000 for his interest in the property. This offer was only good for four days, and could be revoked at any time. Before I mailed this offer, I took a trip down to the courthouse to review the final divorce decree, and verify the wife's story. It turned out that he was only entitled to an additional \$3500. \$1500 had been given to him at the courthouse when the divorce was finalized. I went back to my office and change my offer to say that I would give him the \$5000, and no more, even though he was only entitled to \$3500. To get the money, he must act within 4 days. I stated that the extra \$1,500 would compensate him for the interest he would have earned had she paid him his money on time, and also for his inconvenience in having to meet and close on such short notice.

I drove by his house and saw him standing in his front yard talking to a friend or neighbor. He was in his mid-50s, and solidly built like an ex-football player. I decided that if I were to walk up to him when he was talking to his friend, that he might try to show off and tell me that he was going to fight me and not let me “steal” his old home.

So, I went to lunch, and came back in an hour. He and his friend were gone so I dropped the letter off, with a stamp on it, in his mailbox.

That evening around 6:00 p.m. I received a phone call from him. He stated that he received my letter, and that the house was worth a lot more than I was paying for it. He said that he didn't know if he wanted to sell his share, and that he would really have to think about this.

I told him that I appreciated him calling me back. I reminded him that we were prepared to pay him the amount quoted in the letter, and that it was our best offer. The key to situations like this is to get the other party to like and trust you. Engage them in conversation about the house. I asked him about the house, and what it was like when they bought it. I said that it had some nice features like French doors and wondered if these had been there when they bought the house. This opened the floodgates. He told me all of the improvements that had been made to the house, and about his disagreements with his wife. He told me about his kids, how he couldn't see them as much as he wanted to, and about the environment that they were being raised in. He mentioned some legal trouble that he was involved in, and I volunteered a couple of names of people who might be able to help him out on that. We probably talked for 45 minutes, and we closed with him stating that he would get back to me the next day with his decision.

The next day he called me up and told me that he would take the \$5000. I offered to close the matter out that same day, and he agreed. He mentioned that he could not drive and would have to find a neighbor to take him to the lawyer's office. This sounded like trouble, because I felt like he

might have transportation problems and not make it to the closing. Today he might want to close, but tomorrow he might change his mind. I told him that I would be in the area and would be happy to pick him up.

I called the closing attorney and explained the situation. The attorney was made to understand that if he couldn't squeeze me in today to sign with the ex-husband, I might lose the deal. The closing attorney agreed to squeeze us into the schedule; I picked up the ex-husband and paid him his money.

While driving the ex-husband to the closing he confessed to me that his ex-wife had been speaking to other investors after we signed our contract. My seller was trying to get a little more for the house, and double cross me if the ex-husband could be believed. I took care of this problem by signing and filing an affidavit at the courthouse explaining that the property was under contract so that anyone who might be trying to buy it would have legal notice of my contract.

Approximately one week later, I closed with the wife, and the property was mine.

We're keeping this deal as a rental at this time. It turns out that our initial estimates of market value for the neighborhood were too conservative. (If I don't know the area really well, I always try to be conservative.) A similar house down the street recently sold for well over \$200,000. The house across the street has been appraised for over \$250,000. It would seem that we have over \$80,000 worth of equity.

While this deal had a number of steps and personalities to work with, it is the type of deal that you will be able to do with the right training and experience. The payoff was big on this deal, and we did what we needed to do to get it to close.

Advanced real estate training course available at:

<http://www.reidepotshop.com/Whisnant/magnetic.html>

## **Deal Number 2: A Seller Who Wants An Easy Closing**

The next deal will consider is a house we bought in Decatur, Georgia. We had been cultivating a list of residents in a particular neighborhood to give us referrals. This was done by mail and also personal contact. I received a call from a gentleman who told me that his neighbor was interested in selling her house. He told me that she wanted to sell quickly and that she needed to move out of the house within the next two to three weeks.

***Note: When you study our full course, you will see that assembling a list of people in a given area that can give you referrals is not difficult if you have the right training and information. I developed my ability to assemble lists like this while working as a title attorney, a period that I learned how to fully use and manipulate the public records to find the deals that other investors cannot find. These techniques are yours in my course.***

I called the potential seller on the phone. I told her that I would very much like to talk to her about her house. (Always make sure to tell them how you got their name. If they think you are a total stranger they will be more reluctant to talk to you.) She said that she wanted to sell the house, and mentioned that she knew several realtors who were planning to come by the next day to look at the house. I knew that if the realtors looked at the house, they would probably try to out do each other on their estimates of what the house was worth, and I would not be able to convince her to take a price that I was willing to pay. I told her that I really needed to see her that night, because my schedule was getting booked for the next day. I did have a busy schedule the next day, but I really wanted to meet with her that night to strike while the iron was hot.

She finally agreed. I assured her that it would not take much time. I was very familiar with the neighborhood, and knew that the house was probably worth around \$170,000+ fully rehabbed.

My wife and I drove down and made chitchat for a little while, then walked through the house. Again, we were complimentary about the house and the furnishings and additions they'd done to the house. The kitchen cabinets had been painted a bright red. We remarked that this was a neat color, which it really was, and asked how long they had been painted like this. We finally sat down again, and she asked what I would pay for the house. Again, I don't want to be the first to say a price. I asked her what price she needed, but she would not quote a price. Obviously if someone will not give you a price, you can't make them. To get around this, I usually will quote them a price range. I told her that I would pay between \$75,000 and \$90,000. She said that she wanted to get more, she thought, but that she might be able to do something on the upper end of that price range. As a negotiating tactic, I then said that I wanted to see the family room again. I went in and looked at it, and made some rough measurements of it, and stated that indeed I could do slightly better than my first estimate, and could do \$95,000 as my highest offer. This was accepted. I had the contracts on me, which we all signed, and the rest was history. We performed a light rehab on the property, and resold it for \$175,000.

One potential issue did creep up in this transaction. The seller did have some adult children who did not legally have to approve of the deal, but who might try to discourage their mother from selling if they wanted the property for themselves, or thought that the house might be able to bring more on the open market. I made it a point to stop by to introduce myself when the daughter was over at the house one day. She seemed comfortable with me, and no mention was made of what was really a super low price for the neighborhood. The person that gave us the tip was called the following day and immediately presented with a check for \$500. Again, note how you have to be persistent in terms of setting up the appointment as soon as possible, and always having contracts with you if the seller is ready to sign when you look at the property.

Advanced real estate training information at:

<http://www.reidepotshop.com/Whisnant/magnetic.html>

## They Don't All Work Out In The End . . .

Students write to me all the time wanting to know how the deals are actually done, and I hope that this e-report helps you to discover how things really work at the kitchen table. As I am sure you realize, we don't get every deal that we go after. We have had requests for details of deals that didn't work out, as these could be instructive as well.

*Note: One of the key advantages of my Advanced Course is that you don't have to make the same mistakes that I have. I actually have kept a journal over the years to record things that I did that did not work out when trying to get a deal, what I learned, and the correct steps to take in the future. I have integrated all of this experience into the full course for your benefit. You will literally have more experience after a thorough reading of the course than some investors who have been at it for years!*

## The Agent Sunk Me

A good example of a deal that did not work out was actually the first deal of my investing career.

At that time, I was really aching to get started in real estate investing. I had read almost every book on the subject, and seen countless seminars, all promising to hold "the answer." I found a great house to buy, a brick ranch with four bedrooms and two baths. It would make a nice rental down the road, or it could be sold for a profit. My intention at the time was to live in the house for a year or so. The owner of the house was deceased, and the kids wanted to sell the house immediately.

The condition inside was pure move-in. Fresh paint and new carpet. The price was probably too low, and the neighborhood was rapidly appreciating.

I met with the agent and we walked through. She seemed nice enough, but was a grizzled veteran, and blew me out of the proverbial water. The conversation went something like this:

“So, do you work close to here?” asked the agent.

“Yes, in Decatur. I have my own practice,” I beamed proudly. I thought this would sound impressive. The spider moved in on the fly (me).

“Oh, that sounds great!” She smiled and looked at me. “How long did you say that you had been working for yourself?” She smiled again.

“For 9 months,” I replied. “We’re really trying to make a go of it.”

“That must be tough. How much were you thinking of putting down? You must have most of your money tied up in your new practice . . . My cousin wants to go to law school. I know he’d love to talk to you about what you’re doing. Anyway, what were you thinking of in terms of down payment?”

“Well,” I stammered, “I really haven’t thought about it in detail. I don’t have much extra money right now, but I could probably borrow some money from my family or sell my car if I had to.”

“Fine,” she said. “Here’s my card if you want to fax an offer...”

I was excited. I left the house and made a full asking price offer. The house was worth it, and I wanted my offer to be accepted. I faxed it off and waited. And waited.

I heard nothing, and finally called the agent.

“Hi, this is Dave Whisnant. Just wondered what the scoop was on the offer I made. Have you been in touch with the sellers?”

“Oh, hi Dave.” This time she was not so friendly. “We accepted another offer.”

I was amazed and shocked. I knew that my offer was the first one on the table and that I was the first person to get into the house. I reminded the agent of all this. Her response?

“Dave, I didn’t think you were a serious buyer. It sounded like your financial situation was iffy. You have been self-employed for less than two years, and you didn’t really seem to have down payment money. I couldn’t advise the seller to accept such an offer.”

I was angry. Really angry. But I blew it. Whenever you are talking to an agent, they are sizing you up. Always. I mean always! Project strength and the ability to carry off the deal. This is why I advise people to buy a house, live in it, and sell. Agents don’t expect you to be a pro when you’re an ordinary owner-occupant. If you announce going in that you are an investor, you really do need to look like you know what you’re doing to be credible. You don’t want to give yourself away to them and have your

offer flushed down the toilet. Dress nicely. Act like you have it even if you don't. This is a word to the wise.

Hopefully this will keep you from repeating my mistake when you are talking to agents!

Advanced real estate training information at:

<http://www.reidepotshop.com/Whisnant/magnetic.html>

## **Property Sold To A Friend or Business Partner of The Agent**

Another example of a deal that didn't work out happens every day in competitive markets.

*Note: If you are trying to get started in this business, you need to know the types of things that really go on, and I am happy to provide this information to you. I am shocked at the lack of "real world" information that courses costing over \$1,000 have. You deserve and need to have the most information possible to really succeed in this business.*

The situation is as follows:

I was working on a rehab in a hot area of town, and was driving to my job early one morning to see what work was done the day before. There was a large home around the corner from my rehab that I had tried to buy several years earlier, but the timing wasn't right. Today, however, an agent was putting a for sale sign in the yard. Furthermore, it was very early, so I knew I could get an offer in before anyone else saw the sign. I had rehabbed a house with the same floor plan a year before, so I knew the layout of the

house. I called my agent to find out the price, knowing that fully rehabbed I could sell it for right around \$200,000.

My agent called the listing agent's office and found out that the price was only \$45,000. WOW! I knew that I could make it perfect for an additional \$50,000 in improvements, and would have a huge profit potential of around \$100,000 on that deal. I made an offer for full asking PLUS \$1,000. I figured that there might be other offers, and I wanted to be the high one. I had my agent fax it in immediately. We offered to pay all cash with a super-quick closing. We also agreed to let them have up to a month to move, but wrote on the fax cover sheet that we could give them more time if they needed it. My agent asked if I wanted to see it inside. I told her that I didn't need to see it because I had bought and rehabbed an identical house several months before. I just wanted the deal. Of course, to protect myself, I gave myself the right to reject the contract if an inspection of the property was not satisfactory to me.

The weirdness then began several hours later when my agent called to follow up with the seller's agent. The seller's agent announced that it was "sort of" under contract. We asked if it was under contract, or not, and the agent was evasive. My agent asked if another written offer had come in, and again the agent was evasive.

As you can imagine, by this point I was starting to pull out my hair. \$100,000 of profit was sitting on the table, and something fishy was going down. The agent stated that she didn't think that she could present our offer for some time, because the seller was not home. I knew, however, that this was a lie, because the tax records indicated that the owner was a woman who had owned the house for 20 years, and a middle aged woman was out in the yard raking leaves. I knew the owner was in fact at home, and I wondered why she would not be telling me the truth. An hour later, I received a call that they had decided to go with another offer. I received a fax back with the words "rejected" written on the signature lines of my contract. No signatures or initials were on the contract to indicate who wrote this.

I decided to take matters into my own hands. I don't know if this was a good idea or not, but under the circumstances, I felt that I needed to do this. For that much profit, sometimes you've got to go for the gusto. I called the seller, explained who I was, and asked if they had received my offer. They had received one offer, but not one from me. This made me wonder who had written rejected on the contract. I explained that I had made an offer for more than asking price. This got their attention. I stated that I would pay all cash, give them their money in a week, and that I could give them as long as they needed to move out. I also stated that I was buying the property "as is," so that they would not have to make any repairs. They were amazed by all of this, and told me to contact their realtor. Their realtor was trying to give me the slip, so I knew that I couldn't depend on her. The seller then mentioned that the agent was coming by that evening with a contract for them to sign. The seller did not have a fax, so this was being done the old fashioned way.

*I asked the seller if she had signed any contract yet, and she said no.* There was still life for me. I grabbed a copy of my contract and sped over to the seller's home, where I presented her with a copy of my contract. She said that she would look at it before she signed anything.

That evening, we were phoned by an angry seller's agent who announced that her client had signed the other contract. We were out of the loop on this one, and did not have the house or any hope of getting it. I told the agent that I would like to do a backup contract on the house. This time I was not going to play around. I made my offer for \$5,000 over asking, and submitted it. Strangely, we received this offer back rejected as well.

What happened here? We either lost out to the agent herself, or to a friend of the agent. The agent may have priced the home intentionally low, and planned on picking it up herself, or letting a favored client buy it and re-list with her after the rehab was complete. She may have wanted a family member to buy it and make some cash, who knows. My offer for \$5,000

over asking was probably never submitted. If the agent was trying to hoodwink the seller, my high offer would probably make the seller wonder if the house had been priced too low. If the buyer was the agent or a friend of the agent, the agent may have been worried that a backup contract for significantly more money than the first contract might tempt the seller to try and back out of the first contract.

Whenever a deal does not work, I always take time to look at what happened and think what I might have done differently. Steps I could have taken would have been to have at least looked at the house. While I knew that I was stealing the house at that price, a seller might think it strange for me to want to buy a house that I haven't even seen inside. Since this time, I have always looked at the house in detail before making the offer.

The other thing that might have hurt me here was going through my agents with the offer. If the listing agent sells it herself, she can pocket the full commission (less her broker's share). If my agent brings the buyer to her, she'll just get half the commission (less her broker's share). Unfortunately, it is true in this business that some unethical agents will push their sellers to accept the offer that will get them the most commission. Most agent's are ethical and submit all offers equally, but there are many that do not.

While I was furious at the time, I had to realize that I have often been on the right side of such deals. The following article appears on my site, and is reprinted here because it really is important to understand. I have inserted it in a different font if you have already read this article and want to skip forward. It tells you how to get on the right side of such deals:

Advanced real estate training information at:

<http://www.reidepotshop.com/Whisnant/magnetic.html>

## *Pocket Listings--Be an insider and Profit*

*By David Whisnant*

*Attorney/Real Estate Investor*

*Author of the Magnetic Real Estate Deal Maker, Rehabber, and Motivational Workshop*

***One of the most frustrating things early in my real estate investing career was to see a “For Sale” sign go up on a listed piece of property, call the agent that same day, and hear that the property went under contract the day before the sign was even put out. Furthermore, these deals were often great ones that I would have snapped up given the chance.***

***What is really going on here is that the agent obtains a “fixer-upper” listing. The agent then “pockets” the listing, offering it to a few insider investor clients. One of these investors sweeps it up, and the deal never hits the larger market. By the time you see the sign, it’s too late. In some areas, a surprisingly high percentage of the houses sold fall into this category, with the agent selling the property before it is even on the market. Agents love to sell a house this way because they make the whole commission (no splitting with another selling agent), and they keep their investor clients, who have listings to give them in the future, loyal to them.***

***This practice MAY be slightly unethical for the agent, as it is really in the client’s best interest to have the property out on the general market. For example, if the agent advertises the property on the computer MLS (Multiple Listing) system, and places a sign in the yard, numerous parties may want to make an offer, potentially bringing in a higher price. On the other hand, one might argue that the agent helps the client by getting a quick sale, and that the client doesn’t have to accept any offer that is not high enough.***

*As an investor, we don't really care. We just want to be on the call-list for this type of deal. We want to wrap these deals up before anyone even knows they are out there. How do we do this? Here is our game plan.*

**1) Select our agent:**

*When you have narrowed down the area you want to invest in, and you are familiar with the market, you need to create ties to an agent. The agent that you want to select is an agent that does a lot of business in our target area. You can find this agent by simply driving the neighborhood and seeing who has the most "for sale" signs up.*

**2) Send a letter to that agent with the following:**

*a) A statement that you are interested in buying investment property in that neighborhood. You don't mind fixer uppers, and are looking to buy, renovate, and resell properties. The agent will realize that you are going to resell, and that you probably will need to list properties in the future. This gives the agent two chances for profit: The first when you buy, the second if you list with them when it is time to resell the property.*

*Include a business card with this letter. Optional: attach a magnet onto the back side of the card. Magnets to stick on business cards are available at Office Depot/Staples for a reasonable cost. Your cards can contain the information on which neighborhoods you're looking for. (Example: "Interested in buying homes in xyz neighborhood to renovate and resell.")*

***b) Attach a letter from a mortgage broker showing that you are pre-qualified to buy an investment home in the approximate price range of the homes in the target area. In the alternative, get one saying that you have met with the mortgage broker, and the mortgage broker will be handling your financing needs for rental properties. Feel free to let the mortgage broker include some PR about his firm in your packet. The mortgage broker will bend over backwards for you in the future because he will see that you are helping to build his business. This letter from the broker will make you seem like a real player, i.e. someone who can close on the deal and pay the agent. Mortgage brokers are happy to hand out letters like these to anyone with a pulse. That's a big secret that most sellers don't know, but now you do.***

***c) Optional, but recommended: Attach a newsletter that you come up with each and every month. In it, give information on helpful homeowner tips. You can get your raw information out of any number of books on the subject at your library local bookstore. Rewrite the content in your own words so you don't violate any copyrights. For example, you might have one on how to fix a roof leak, or how to select a contractor. The articles should be valuable to her clients. Tell her that she can copy these and distribute them to her clients. (Leave the top blank so that there is space for her to insert her name with a word processor). Get one to her each and every month. It will keep your name front and center. Topics you can use include:***

***How to unclog plumbing leaks without a plumber.***

***Replacing broken windowpanes.***

***How to find good sub-contractors.***

***How to avoid being ripped off by subcontractors.***

***Why you should always keep gutters clean.***

***How to select the right plants for your house.***

*How to replace a cracked tile.*

*How to paint a room.*

*Why Realtors are critical when it's time to sell your home.*

*New loan programs and refinancing ideas (from your trusty mortgage broker!) Basic yard maintenance.*

*Question and answer format is great, i.e.:*

*Q: "My house recently had a new roof put on. Unfortunately there are some old water stains on the ceiling left over from the old leaky days. I tried to paint over them, but they keep coming back. What would you suggest?"*

*A: Use a quality primer made to cover water stains, like Kilz. The oil or shellac based primer is the product that you will need to use, as opposed to a water based primer. Either of these products may be covered with oil or latex paint. (Check the packaging.) The odors on these primers are extremely strong, so be sure to open as many windows as you can and ventilate the area. You will want to make sure that any loose paint is removed before painting, and that the surface is totally dry. If the stains are especially bad, 2 coats of primer may be required. Because it can take up to 24 hours for old water stains to bleed through the primer, it is a good idea to wait before applying your finish coat.*

*(There is a good magazine called Family Handyman that contains some great articles you can use for inspiration and accurate content. It should be available at larger bookstores, and is available at Home Depot. Also see This Old House Magazine).*

*d) If you buy or sell a property, let the agent know with a letter. Note to*

*her that you are still very interested in finding more properties in area x. This will demonstrate that you are a serious investor, move you up in the pecking order.*

*e) If you list the property, and don't have a particular reason to list with another agent, list with the agent you are cultivating. This will bind you to them. I've personally listed properties with an agent to establish a relationship even when I think I could have sold the house "by owner." If that agent brings me 4 deals with \$30,000 of profit each, the extra \$7,000 I spent on a commission for one deal was well worth it!*

*f) If you have good subs that you really like, make a list and give it to the agent. Explain that you have used these folks in the past, and that their names might be helpful to her clients. Such lists are super-valuable to the agent because they help her to sell houses. For example, a house may be perfect for a buyer, but it needs repainting. The agent can tell the buyer that he knows a great painter who can handle the job, and potentially close the sale. This will also make your subs loyal to you. If your job or another client's job must be delayed, yours won't be if you are keeping a steady stream of referral business going to the sub. These subs will see you as so important to their business that they will also give you a great rate for your work.*

*I would use this technique with the top few agents in your target area. I now work with only a select handful of agents. All are totally committed to the success of my business.*

End Of Article

**Listed Properties With Ethical Agents**

We have picked up some great deals on properties that were listed with real estate agents. Usually listed properties are not the best deals in the world. As I stated before, the usual process that a seller goes through is to call several agents when they are considering selling. The agents come out and look at the house, and make statements to the seller as to the market price they think the property can bring. Many agents are honest, and try to give the most accurate information they can. Others try to quote a high price, and hope that the property can bring that, or plan to get the seller to adjust the price downward if the house doesn't have much activity. Sometimes, the seller may be willing or satisfied with a lower price, but the agent fills his or her head with images of a huge price. The seller then adjusts their expectations upward, and will not presently accept an offer that they would have jumped at a week before.

***Note: This is why I teach students who take my course how to actively prospect for deals instead of relying upon listed deals, or houses advertised in the paper. This is a competitive business, so why play where there are the most competitors, and the thinnest margin deals? The process is step-by-step to do this (each of these receives detailed treatment in the course so that even the newest investor can implement the ideas like a pro): target a neighborhood, learn it, target particular properties and types of owners, make contact and offers according to our plan, and lock up the deal using our proven negotiation strategies.***

We were called on a deal in a neighborhood that we owned a rental property in. I was extremely familiar with the pricing in that area, and knew that the price was a total steal when I heard the details. They were asking \$77,000 for a house worth \$135-140,000. The house was potentially more valuable than that because it was a 1920's era "craftsman" style home. These sell for a premium in our market.

I went with the agent to see the house, and made an offer for \$1,000 over asking price, offering to buy the property in "as is" condition, with a quick closing. This is essentially the same offer I made on the house we lost out on with the crooked (probably) agent. There were 7 other offers that came in on the property that day. This was the first day the property was on the market. My offer won out because it was clean (no contingencies), and the price was right. We currently hold this property as a rental. We refinanced after owning it for 6 months, pulling out our original down payment, money we spent on repairs, and around \$20,000 extra. Not a bad morning's work.

*Note: I'll tell you the types of agents you need to work with in my full course, and how to keep them interested in doing business with you over the long haul so that you can get your share of these deals. They aren't enough good listed deals to make a living, but there are enough to put a solid \$50,000 or more in your pocket each year. It is just one spoke of our real estate wheel.*

The point here is that if you see a good deal, take it. Don't try to bargain, just lock it up and advance to go.

Advanced real estate training information at:

<http://www.reidepotshop.com/Whisnant/magnetic.html>

## **An Owner-Finance Deal**

The final deal that I would like to detail in the buying section is a home that I purchased in a rapidly improving area of town. This home was the worst looking house on the street, with an overgrown yard, peeling paint, and dead trees in the front yard that looked like they would topple over at any minute.

A “for rent” sign went up on the house. My wife called the owner to see if he might be interested in selling. He was a landlord who lived in another city over an hour away. The owner was at retirement age, and I think that he was growing tired of having to manage the property and maintain it. The owner told my wife that he would be interested in selling the house. I promptly called the landlord, and he asked me to take a look at the inside of the house before we talked price. The tenants were still in the house, and he said that they could let me in,

The house was terrible inside. Pet urine was all over the carpets, and it smelled so bad that it was all I could do not to hold my nose in front of the tenants. It was a real mess. This didn't bother me too much, as I knew that all of this could be straightened out.

I called the owner and told him that I would be interested in doing something on the house. We hemmed and hawed on price for a while, neither naming a figure. I told him a figure based on a formula that I teach in my course, and asked if that was the type of figure he would be comfortable with. He agreed to this, so long as I didn't ask him to make any repairs.

My problem here was that all of my money was tied up in other deals. I really didn't want to fork over the down-payment money that I would need to purchase the house. I could have gotten a hard money loan (covered in my course) on the property and flipped it, but I really wanted to buy and hold this one, because prices were going up at an incredible rate. We set up the deal as a lease/purchase. The contract forms for this began to get overwhelming, as both sides had different issues about how various items were to be handled. Finally, the seller asked me if I would just buy it outright so we didn't have to settle all of these points. I told the seller that the loan process might take some time. I told him that instead of having to pay taxes on his profit, he might do better to spread that out over time, and receive a monthly payment instead of a lump sum that he would have to invest. I suggested that he could take back a note for most of the purchase price (owner financing), and that I would pay him money each and every month. This sounded good to him. He asked about down payment money, and I told him that I could give him \$3,000 down, which I pulled off of a Visa. This seemed low to him, but I stated that the property needed repairs (which he knew), and that I would need to hold back my money for repairs and improvements. He agreed.

An interesting note on this deal was that once he agreed to sell the house and owner finance it, he did not want to sign a written contract, saying that he didn't need one - - my word and his word were good enough. I knew that this left the door open for him to sell to someone else, but decided that I couldn't stop him from doing that, so I would play it his way. An important note here is that if you are dealing with a "handshake" type of person, don't press them. I had a gut level trust with the seller that I decided to honor. He would have been insulted if I had insisted in making him sign a contract. The house closed as agreed. I rehabbed this house, rented it out for a year, and sold it for a \$40,000+ profit.

When you are dealing with sellers that have a great deal of equity, and you can't or don't want to get financing, you can try the owner finance card. Owner financing is difficult to get, but it can be done. This deal was a major boost in the early stages of my investing career.

## RESOURCE 2

### Real Estate Investing Articles Index

Dear Friend

Thank you for taking the time to read our original real estate investment articles and content.

Every attempt has been made to give you some valuable real estate investing information that you can sink your teeth into and use, without the fluff. These articles contain great information for the new or seasoned investor.

Remember that this is only the tip of the iceberg. The biggest goodies are reserved for the course!

If these real estate investment articles are helpful to you, we would be grateful and honored if you would help us to spread the word about our real estate investing site to your friends and associates.

Sincerely,

David Whisnant

Advanced real estate training information at:

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## Real Estate Investing Article One

**Pocket Listings -- How to Be an Insider and Profit:** This real estate investing article examines one of the biggest secrets in real estate investment, pocket listings. If you have ever been too late on a really good real estate deal, or if you want to find out how to get an inside track on the really big deals, this article is a must read for all serious real estate investors.

*This article is actually reprinted above because the subject matter was so closely related to one of the deals in the deal diary. Using this technique, you should be able to make enough to replace your current income, and go full time.*

## Real Estate Investing Article Two

**How to Negotiate Counter-Offers:** This real estate investing article details when you do want to negotiate (and more importantly not negotiate) when buying real estate investment property. Learn how to work the seller and the real estate agent to get your best price with minimal conflict, timing your counter-offers, dealing with real estate owners who don't want to counter and more.

*Note: Negotiation is the highest paid job in the world. If I can negotiate with someone and save \$3,000 in 30 minutes, that's equal to a wage of \$6,000 per hour. I take this topic seriously, and do everything I can in my full course to give you all of my experience on how to negotiate, when not to negotiate, and picking your battles. Critical information for any investor, especially new investors, to understand. The information below will give you an idea as to some of the basics.*

Once you make an offer on a piece of property, it probably will not be accepted on the first go-round. It may be, but the Seller will probably counter. Before I get too far into this subject, it would probably be helpful to have a brief discussion of when we do and don't negotiate.

Many gurus and real estate course teachers are always arguing that we should negotiate at every turn. They would tell us to squeeze every last

dime of profit out of the deal. This is where they suggest that your offer include the seller's 1974 Ford Pinto. Go for the furniture, they say. Go for the mower...

I disagree. If the deal is a good one, why would you want to complicate matters by trying to get an old junky car and some worn out smelly recliners? If you want those things, make your money on the deal and go buy them for \$300. What we want to do if the deal is good (that means at least \$25,000 of profit in my book), is go ahead and do the deal. Remember, it isn't worth losing a \$25,000 profit over \$2,000 of negotiation. I'll cover this area more in a subsequent article on writing offers that get accepted.

If you make an offer that is on a "hot" property, i.e. one that you know will sell quickly because of its price, you may want to accept the counter and move on. This assumes that the counter offer leaves you sufficient profit.

I recently landed a deal because another investor did not heed this advice. The investor had negotiated a sales price with a seller, but had not signed a written contract. The investor then decided to try to negotiate a lower sales price because he determined that a \$1,000 electrical repair was needed. The price he negotiated would have made him \$40,000 in profit, but he went back to the well one too many times. The seller became enraged, and decided that she did not want to deal with the investor anymore. The seller received my name from one of my subs who was an acquaintance of hers, and we were under contract the following day. If you have an agreement that gives you sufficient profit, leave the deal alone and sign the contract.

# Nickel and Dime

When you are negotiating to get to a price you can both agree on, adopt the nickel to dime negotiation strategy. You want the seller to come down a dime on price for every nickel you move up.

You will need to work the agents and the owner, and never let the agent know what you are doing, or what your strategy is. Usually when you make an offer, some response comes back fairly quickly. If the asking price was \$130,000, and I offer \$100,000, I may get a counter of \$125,000 from the seller.

What most people do, I have noticed, is keep splitting the difference. In other words, most people in my position would find the midway point between the \$125,000 counter offer and my original offer of \$100,000, which is \$112,500. The seller would then counter with a number between their last counter (\$125,000) and my counter (\$112,500), or \$118,750. Typically, this is where the action would stop. Most Sellers have the capacity to do two counter offers or perhaps three, but usually no more. I don't know why that is, but that is what my experience has shown me.

Instead of splitting the difference, I offer to increase my offer by less dollars each round. On their first counter, I would raise my initial price by \$3,000. Each subsequent counter would find me giving less each time. This tells the seller that I'm getting close to the highest price I'm willing to pay. This will help to stop things.

Thus with two counter offers, my final sales price might be \$105,000 vs. the \$118,750 above. I saved \$13,000. To play this whole thing through, I offer \$100,000. The seller counters with \$125,000. I counter with

\$103,000. Seller counters with perhaps \$118,000. I counter at \$105,000. The seller will be worn down at this point. He will be satisfied that he has negotiated hard, and gotten his best price from me.

What if your seller won't even give you a counter offer, and/or if they don't feel that your initial offer is worth countering? If the sales price is too high to make any money on the deal, you may have to walk away. If they won't drop their price, it's not for you. If it could be a good deal, I might wait four or five days and make a second higher offer or ask the agent if the seller might be interested in making any type of counter-offer. They often will counter verbally, which can start the proceedings.

There are timing considerations here. If you counter immediately upon hearing back from the Seller on each of his counter-offers, he is in control. He has all the incentive in the world to keep dealing, because the negotiation is not producing any stress for him.

What type of anxiety do we want our seller to feel? That he will lose the deal if he keeps monkeying around. If you believe that the property probably will not be sold out from underneath you, take your time getting back to the seller, at least 6 hours. Tell the agent that you are really having to think about this long and hard. Tell the agent that it will be hard for you or any other investor to go as high as he is asking. Tell the agent you want to start looking for other properties, and ask the agent to fax you a list of other properties currently available in the neighborhood. Tell the agent that you would still like to complete the deal if the seller could just bend a little. The seller and agents should all be scared that the deal is going up in smoke, and hopefully bend.

Remember that regardless of who the agent is working for legally, they know on a subconscious level that they are really working for themselves. If they feel that the seller is more likely to cave in than you, they will push on the seller to consider and hopefully accept your offer.

They want to get paid. An \$8,000 difference on the sales price is big to the seller or you, but not to the agent, as they are really just getting a percentage of the difference in the form of their commission (several hundred dollars). We are pushing on the agent and the seller with these tactics.

If you made the offer with an inspection contingency, meaning that you will have the right to inspect the property, and ask the seller to make repairs, sweeten this on a counter offer by saying that you'll take it "as is." However, keep your right to inspect and turn down the deal if you find something terribly wrong with the house. The goal is to give a little where you can.

When all else fails -- if the property is vacant, and there is a low mortgage or no mortgage, tell the seller that you'll take his price if the closing can be delayed for three months, and if you can have access to the property during this period. (You want the right of possession – this means the key!) If the property is still under market value even with his sales price, you might be able to sell it to someone else in three months, and not have to deal with a loan.

If the seller won't negotiate any more with you, and his price is still too high for you to finalize, tell the agent that you'd like to resubmit the offer in a week. Do so every week. Add \$100 each time. You may provoke another round of negotiation.

And always remember that you can walk away and come back later. If you have the strength to do that, the Seller may agree to your terms immediately. (This is a little like walking out of a car dealership and having the salesman follow you into the parking lot begging you to stop.)

Thus in summary, if the deal is excellent on its face, don't mess with

negotiation at all, and make it happen NOW! If the deal is not as good, or if you don't anticipate any other suitors coming along, you may want to get into some serious negotiation. You can literally make thousands of dollars per MINUTE negotiating. The nickel and dine strategy has worked wonders for me, and I'm sure it will for you as well. Remember that in the end, we will walk away from more deals than sign up. This is normal, and means that you are probably using good judgment. You never want to be so eager to do a deal that you do a bad one.

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## Real Estate Investing Article Three

**How to be in the Top 10% of Investors Year in and Year Out:** A real estate investment article for those real estate investors who have come to realize that looking in the Sunday paper for real estate to purchase isn't giving you the volume or quality of real estate buys that you need to build a solid financial future. From-the-ground-up information on using the public records to find the deals that other investors can't even touch.

*Note: This is really important stuff that once learned, will place you in a category above most other investors in your area. My course takes advantage of my experience as a real estate title attorney, and experience in training attorneys and paralegals to use the public records. If this seems confusing at all, don't worry. We don't have space here to fully develop these ideas, but I want to give you an idea of the power of these concepts.*

You should know that a lot of people out there in the real world have bought all the same guru courses that you have seen advertised on TV – Carleton Sheets, Russ Whitney, and Wade Cook to name a few. They are all driving neighborhoods looking for “for sale by owner” signs, and they are all looking for classified advertisements in the Sunday paper that say: “Needy seller who owns property free and clear and will let it go for 50 cents on the dollar. I'll owner finance or lease/purchase to anyone. Please come today!”

Unfortunately, these don't come along very often in the real world.

Don't worry. You can run circles around 90% of the other investors out there, and face little competition doing it. There are more deals for the "top 10 percenters" to take than for the 90% of investors who rely upon the tired technique of calling sellers from classified advertisements. (I refer to the top 10 percenters as those investors who are in the top 10% of investors in making money. They are in this position because they understand how to use the public records. This is not a difficult skill to master. Unfortunately, these skills are just not taught in any of the real estate courses I have purchased or reviewed.) I want you to become one of us and share in the action.

I have a unique mastery of the public records. This is a skill that can be learned easily by anyone, yet few people do it. As a real estate attorney, I received extensive training on using public records to perform my job. I trained both attorneys and non-attorneys to use the public records.

The tax assessor's office, the probate court, and the record room are the key areas that you will want to focus on. Unfortunately, this article does not allow me to get into the mechanics of mastering these areas of your local courthouse as my course does, but you should be aware of what they can do for you. You should also know that I am giving you more content for free on this subject than appears in Carleton Sheets' course, which as we know is NOT free!

The tax assessor's office can tell you who is paying the taxes on a piece of property. Usually, whoever is paying the taxes is the owner. If I were interested in a piece of property, I could look it up at the tax assessor's office, and it would give me the owner's name and mailing address. I would then send out one of my Magnetic Marketing Letters to their tax bill mailing address and prepare to work a deal.

Note that we can usually tell rentals from owner-occupied properties at the tax assessor's office. Rentals will have the tax bill going to another address than the property address. The landlord wants to receive the tax information, not the tenant. The tax bill is generally mailed to the landlord's home address. Other clues to check for are exemptions. A landlord should not have a homestead exemption. Rental properties are not eligible for homestead exemptions, thus if there isn't one, it's probably a rental. The mailing address for the tax bill is the primary tool that I use, but you can double-check by looking at exemptions.

Often the tax records will list ownership information in the following manner: Carl Sheets c/o ABC Property Management. While ABC Property Management may be a company owned by Carl Sheets, it probably isn't. This probably is a real property management company that is handling the management of the property for Carl Sheets, including paying the taxes. If I mail something to Carl Sheets at the above address, it will really go to the property management firm, and they probably will NOT forward it to her. (If she sells, they will miss out on their management fees.)

Most investors would just mail to ABC, and if no response is received, cross it off their list. This is great for me, because this type of property is often easy to pick up at a steep discount. If the owner is not interested in managing the property, they probably aren't all that interested in owning it either. I may be able to land a great deal with a motivated seller.

Under our example, I could find Carl Sheets' real mailing address by looking for any property he owns where the mailing address matches the property address. This would probably be his home. Or, look in the phone book to see if you can find his name with an address. Remember, owner occupants (people who own and live in a particular house) will have tax records with the property address matching the billing address for the tax bill. Rentals will have the bill going somewhere else, usually to the private house of the owner.

It might be helpful to go to the real property record room if we are striking out (recorders office in some states, or clerk of court.) You want to go to the area of the courthouse where the deeds are filed. You would pull the most recent deed filed for that piece of property to see who holds title. If the deed is into Carl Sheets, and we found no clues at the tax assessor's office, you can do one of two things: 1) Send a letter to the tenants asking for help in finding the owner, or send a letter to all the surrounding houses asking for their help in finding Carl Sheets. You can tell them that this is a personal matter and that you are not trying to collect money or sell her anything, or 2) call the property management company and see if they will give you any clues.

I will usually dig a little deeper at this point before writing or calling anyone. Look at the three most recent deeds in the chain of title. (These are the last three deeds transferring title). For example, in January of 1985,

Rusty Whitney sold to Wade Cook. In March of 1989, Wade Cook sells to Sheila Sheets, and in December of 1990, Sheila Sheets sells to Carl Sheets, who is our current owner.

If the property was conveyed from someone who is a family member (same last name), or quit-claimed with no money being paid to purchase the property, or if there is an executor's deed, you may be in luck. For example, Sheila Sheets may be related to Carl Sheets, our current owner. (Recall that Sheila sold the property to Carl in the example above.)

Write down the names of each of these family members (Sheila). Go to the county probate court and see if you can find any records involving those persons. (Look in the estates indices). If so, the court records will have an address for each heir, as each heir must be given legal notice of the proceedings. You can now mail your Magnetic Marketing Letter.

If, on the other hand, you went to the record room and found that title was actually vested in someone named Sheila Sheets, not Carl Sheets as the tax records stated, there are a couple of options.

### **Option Number 1:**

The tax records are usually not "up to date" in that they are generally updated once a year. Carl may have in fact sold the property to someone else, who is the new owner of record, but the tax records still show him as the owner. Eventually, the tax records would be updated (January 1<sup>st</sup> typically) to reflect the new owner. Obviously in this situation, Carl couldn't sell the property to us, as he already sold to someone else.

### **Option Number 2:**

Carl Sheets may have recently inherited the property. We might suspect that Sheila Sheets was a deceased spouse or other relative. The tax records may reflect an order of the probate court, but the deed might not have been filed in the record room. Go back to the probate court and look for an estate of Sheila Sheets. This would give us a mailing address for Carl Sheets.

Note that we don't need to scour the public records for every deal we make, but it is a wonderful tool to use when you want to get past the guru course graduates, and make easier money for less time and effort. While this may sound hard, it really isn't. Two or three trips to the courthouse should make you familiar enough with how these records work to satisfy your goals. When you think of all the abandoned property in your area, rental property with absentee landlords, and other special types of property where finding the owner is not so easy, you can start to see how many deals are out there for the 10 percent club that are NOT out there for most other investors. If the above has seemed confusing, it is only because these remarks have been reduced for space. What I hope you come away with from this article is an understanding of how the public records can be used to further your career as a real estate investor. In addition, the public records can show us how long people have owned property, what liens are against them, what they paid for the property, and give us great insight into their general financial condition. Is this valuable? Would this help you strike the best deal you can? You bet!

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## Real Estate Investing Article Four

**Writing Offers That Get Accepted:** This real estate investment article shows how writing offers by following a few simple rules can turbo-charge your investing success. Get more deals and pay less money for the real estate that you buy. Information on the correct forms to use when submitting an offer.

Some Sellers are so eager to be rid of their property, or so ignorant of its value, that they put a sign out in the yard asking far less than the real worth of the property. In this type of situation, several offers WILL rush in. Many will be from investors, some from people looking for a personal home.

*Note: Your offer must be written and constructed in such a way that it will be accepted. By carefully writing your offer, and thinking about*

*how it will be perceived by your buyer, you can often end up with the property at the end of the day. I am complemented often concerning the quality of the offers I make, and the letters that I use in different situations through the deal. I give you examples of all of these, and teach you how to create your own offers that will get accepted, even if they are not for the most money in a multiple offer situation!*

## Price

Typically, if the property's asking price is well under the true value in its present condition, (\$25,000 for me), you will want to make a full price offer to lock it up. This is especially true if there is likely to be other bidding or offers on the property. What I do now is offer \$1000 more than the asking price. That way I beat out any other full price offers. Most people just will not bid over the asking price. I don't care what anyone is asking, only what I am paying. I'll be top dog on price.

I have found in my experience that most sellers don't want to bid people against each other. They do on occasion, and I've been caught in a bidding war, but usually they just take the best offer and end the proceedings. Remember that sellers are not comfortable marketing their property, and are eager to get it over with.

Closing Costs: If I think that there may be competition for the property, I put on the contract that I will pay all closing costs. After the dust settles and they are contractually bound to do business with me, I can go back to the seller and say that my mortgage broker suggested that I finance some of the closing costs into the price. We would simply attach an agreement to the contract raising the purchase price by the amount of the anticipated closing costs. Note that this makes no difference to the seller's taxable gain, nor does it affect the size of the check he'll get at closing. I've only had ONE seller balk at this. That's o.k. 99.9% of sellers have no

problem with this. (IMPORTANT – you will want to tell your mortgage broker what you are doing, because the appraisal will need to come in higher than the original contract price to cover these closing costs. Appraisals generally come in for the exact amount of the purchase price, so be sure to warn your lender, who will order the appraisal.) This will also make your loan a bit larger and increase your monthly payment by a few dollars each month.

## Repairs

I almost always agree to take the property “as is.” I go further than this though. On the special stipulations page of the contract, which is the blank area at the end where the parties can write in any additional terms that they choose, I state: “Buyer is purchasing the property as is. This means that Buyer will not ask Seller to make any repairs to the property or expend any money on fixing any items on the property.” My offer thus contains a real benefit for the seller. Of course, we still have to protect ourselves in case something is really wrong with the house. I put in another sentence that says: “Buyer will have the right to inspect the property for 4 days. If this inspection is not satisfactory to Buyer, he may invalidate the contract and receive a refund of earnest money.” This gives us an “out” in case the house is about to collapse. If it is a GREAT deal and you are fairly confident that no inspection items could make you want to turn the deal away, write up the contract so that they can keep the earnest money if you inspect and have to cancel the contract.

Some people feel a little nervous about making an offer to buy something “as is.” Your seller will love it, and it will make you seem easy to deal with. I purchased a home in December of 1999 that I used the above language in the contract. We got the deal. However, on inspection, I found that there were about \$9,000 worth of serious repairs that I hadn’t anticipated. Did I walk away? No Way.

I went back to the seller and explained in writing (less confrontational) that I had anticipated making \$5,000 in repairs. Those repairs were new carpet, fixing the roof, painting, and updating the kitchen and the bathroom. However, I noted that there were significant structural repairs that needed to be repaired under the house. I noted that these were not mentioned in the seller's disclosure statement, so I had no way to know of them when I made the offer. (I also noted that I was sure that he didn't know about them either, as few people go into their crawl space. You don't want to accuse the seller of being a liar).

I continued my letter by stating that these repairs would have to be done before the house could be sold to ANYONE. I reminded him that I had my own carpenter that would make these repairs for me cheaper than any retail structural repair company. I suggested that he credit me with \$6,000 at closing to cover the repairs. He agreed to \$4,000, which is what it cost me to actually do the repairs, and the deal closed on schedule.

You can always go back to the plate and negotiate. I try not to if the repairs are within reason. As long as you protect yourself, you have nothing to worry about. Homeowners don't want to make repairs. By stating that I will not ask for repairs, I typically beat out any other contract with an equal or lower sales price that includes a request for repairs. (This includes all of the owner-occupant contracts, because owner-occupants ALWAYS ask for repairs). I might even beat out a contract offering slightly more money.

## **Closing Date & How You Pay.**

If you are paying cash, or able to pay cash, state that you are paying with cash on the contract. Put a quicker closing date on it.

If you are getting a loan, remember that most loans can now be turned around in 2 weeks, so if your mortgage broker thinks he can do it, put down that the closing will be in 3 weeks to give yourself a little leeway. If you can close quicker than your competitors, this may land you the deal. Quick closings are most effective on vacant properties, and less effective on occupied properties. (People get nervous when they think of having to move everything in 2 weeks). To get around this problem on occupied properties, I always tell the seller's agent that we can close quickly, but that the seller can have as much extra time in the house as they need (2 weeks or so) to move.

Other tricks are to include a copy of my bank statement (with account numbers blacked out!) showing enough cash to buy the property. If I am getting a loan, I attach a letter from my mortgage broker saying I am pre-approved for an investor loan. Although I do not do this, and do not recommend that people do this, I know that many investors in my area offer to close with all cash, with no financing contingency, even if they have no cash and plan to obtain a loan.

## **Form Of Offer**

I put my offer on the standard Georgia Realtor Contract form. No exceptions. No junky seminar contracts. You want to look professional, and also like you're not trying to pull the wool over anyone's eyes with a contract that has numerous provisions that are slanted toward the buyer. You always want to be and appear fair.

This brings me to an important issue that I receive questions about from prospective students:

“Do you include contract forms (offer forms) for us to use in your

course?”

The answer is ABSOLUTELY NOT! Believe me that it would be easy to draft 30 pages of contract forms to use in different situations. But, if I did so it would be doing you no favors.

If you are presenting an offer to an agent, they will basically require your offer to be written on the standard form that has been adopted by the realtors of your state. There are several reasons for this, but the primary one is so that they understand all the provisions of the contract themselves since they have been trained on the legalities of that contract. These standard contracts have a great deal of language that protects the agents and brokers from litigation, and their commissions. They do not want to deal with a contract that does not offer them this high level of liability and monetary protection. Additionally, if there are any other offers on the property, they can be more easily compared if they are written on the same form.

They should submit whatever you give them, but the reality is that they will often try to meet with you to rewrite the contract on the standard form. Realtors are busy, and they may not be able to meet with you right away, or redo the contract by fax. If another offer comes in, which it surely will if the property is well below market value, your offer may never be submitted. Or, they may counter your offer with the requirement that your offer be on the standard contract. Another offer may creep in before this can be executed. This business is often a race. Any delay can cost you tens of thousands of dollars.

The realtors have a great deal of influence and say in determining which contract is accepted. They are out for their own commission, and want the contract that stands the best chance of closing to be accepted. Using a non-standard contract makes you look like a seminar graduate who probably doesn't have the experience or ability to close the deal. Using the standard contract makes you look like a pro. Realtors know that the pros

close.

Even if no realtor is involved, another reason not to use these contracts is that every seller seems to have a lawyer or real estate agent at their church or neighborhood who has agreed to review any contract that is submitted to them. If you submit a contract that is not the standard realtor contract, written with provisions that favor you, the friend will redraft the contract, or tell the seller that you are a shady character trying to sneak something past them. If a clean contract comes in with better language in the meantime, you may be out of luck again. When I show up with my standard contract, they may not even show it to the friend, or even read it! I just explain that I am not a realtor, but that I like to use this form because it is evenly balanced between the parties. Many people have seen this contract before, or they trust that it is a fair document, which it is.

The above tips should give you a leg up on getting your offers accepted. Best of luck!

# Real Estate Investing

## Article Five

**Real Estate Investing 101 -- Building Face-to-Face Rapport With Your Seller:** This real estate investment article contains practical information and sample scripts on building rapport with sellers when you go to their home to meet with them for the first time. Plus, how to ask the right questions, and find out more information.

By David Whisnant, Attorney/Real Estate Investor

*Note: One of the most common real estate investing concerns that the new investor has is, "What will I do or say initially when I actually get over to a seller's house?" This is new territory in the beginning for most new investors. With the right training, most people can take the first steps of finding the area to invest in, determining market values, determining who in*

*their area to use for financing, and mastering their public records system without much pain. When it comes to talking to sellers, however, many first-time or new investors feel pressure, and fear. Eventually, this will be perhaps the second most fun part of the job after getting your check at closing. I teach the whole package, which is wonderful for new and experienced investors alike.*

When I started as a real estate investor, my main fear was that I would say something stupid to give away the fact that I really didn't know what I was doing. I had read almost every course on the market, and probably picked up a little from each one, but I still didn't know what the "rules" were when I entered the living room of the seller and started to discuss making a deal. Thankfully, your seller won't know what the rules are either, as they don't sell their home to investors every week.

When you have done this business for some time, you will realize that a house is a house. In other words, you'll know the common problems that most houses face, how to fix them, and what it will cost. For example, on houses older than 40 years, you can usually count on at least some floor rot underneath the bathroom and kitchens because of small water leaks over time.

### **Keep Your Seller Talking**

What does differ from deal to deal, and what makes real estate investing so interesting, is the seller. Your real goal is to be a good listener and try to get the seller to talk. I always like to think of myself as an interviewer on some sort of real estate TV show. You want to ask them questions in such a way that it gets them to talk without it seeming like you are grilling them. Barbara Walters softer "warm and fuzzy" interview style that she sometimes uses is a good example.

Remember that the seller WANTS TO TALK TO YOU. They have responded to a Magnetic Letter Mailing that you sent, and they are eager to get their real estate problem resolved. Furthermore, the reason they are having a real estate problem is that they have problems in other areas of their lives. If you come across as friendly and polite, they usually will open up to you and tell you their problems. Think of yourself as a real estate therapist. I've had many deals where a good foundation was formed between the seller and myself by spending time listening to their problems, and working to come up with a solution that would benefit them and give us the profit we needed to make on the deal.

I have prepared a loose script (in the following section) to help you understand what I am saying to my sellers when I go into their homes. This script is not from one particular deal, but many deals, though I tend to follow the same formula. As I am writing this, I just returned from a seller's home, where I presented a written offer on the spot. This meeting is still fresh in my mind, and I think that this section should benefit those investors with "stage fright." Note that the script examples are not meaningless hypotheticals. Rather, they are all based on conversations that I've had with sellers.

### **Show Up At The Door On Time**

I always show up right on the time, never a minute late, or a minute early. To do this, especially with our traffic in Atlanta, I typically try to get to the neighborhood about 20 minutes early. I'll drive around and look for active listings to verify that I have the correct impression of what homes are selling for in the neighborhood.

I dress casually, but not too nicely. If the neighborhood (or my seller) is more working class, I may wear jeans, but usually I'll wear tan pants and a short sleeve polo type shirt.

Sample Script: My comments will be in **bold**, the sellers in *italic* text.

Door Opens

Smile. **"Hi, my name is Dave. I have an appointment to meet with Russina Whitney."**

They'll smile and invite you in. **"Thanks for taking the time to meet with me today. You mentioned that you work during the days, and I know it must be hard to get away during the week. I really do appreciate you taking the time to meet with me, and I believe that I really can be of assistance to you"** This is basically just a comment to let them know that you appreciate and honor their time, and that you are not trying to come off like a big shot investor. I would lead straight from this sentence into a general question that might lead to more conversation. Your next comment should be aimed at something that they have in their home, or a photograph of an interest (sky-diving) that you also have an interest in and could bond for a few

minutes. I used to have a stock back up plan in case I froze up. Usually, they will have something on display that you can comment on.

For example:

**"What an interesting painting, did you do that yourself?" or "Those are great miniature houses, do you collect those...(they respond etc.)...I have an aunt that is crazy over those. She goes all over the state to shows to find them" or "You must love to garden. You have some really wonderful plants in the front yard...(they respond etc.)...My wife and I are planning on putting in some butterfly bushes this spring. Yours are really thriving out there." or "You have a nice looking family there in that picture, 4 boys? I just had my first, a little girl, earlier this year."** Kids are the best thing to talk about. Even if you don't have any, talk about your neighbors kids, or your sister's kids etc. This is a subject that people like to talk about. If they are military, always ask them where they were stationed, if they had to travel much, and what their favorite places to travel to were if they were in Europe or outside the country. This brief interlude of casual conversation before business shows them that you are a regular kind of person, not a cold-blooded weasel-like real estate investor that is out to steal their home away from them.

After several minutes (usually 3-5 at the most), begin to go to work. By this time, you have established with them that you are not a cold-blooded weasel, you have some similar interests with them, and you are a decent and kind person.

Begin to ask questions, but the right questions.

1) **"This seems like a nice area. How long have you lived in the house?"**

*"About 5 years"*

2) **"I noticed a lot of stores and things on the way in which must make it convenient to be in this area. When you sell your home, do you plan to stay in the same area?"** (This is a good question because it often will get them to tell you their future plans, which are key. They may be leaving the state, or moving in with a boyfriend/parent or whatnot).

*"No, I'm moving to Maine."*

**"Wow, beautiful state from what I hear."**

*"Yes, I grew up there."*

**"Really, what brought you to Georgia, if you don't mind me asking?"**

*"A bad marriage. I was divorced 4 years ago, and received the house as part of the divorce settlement. It has bad memories for me, I want to sell it and move back as soon as possible."*

Hopefully, the above question gets you to the point of where they are going, and why they want to sell. Right now, we can tell that the seller is not thinking rationally about the house (bad memories), and that they are in a hurry, which means lower sales price.

**3) When are you trying to get this closed by?**

This is a good question, because if they have a super-specific date, this may tell us more about their financial or personal situation. For example, "I need to close by January 14th so that I can pay my federal tax liens against the property." Or, "I'm wrapping up my husband's estate, and want to be out as soon as the probate is finalized, in around 6 weeks." If they say, "No real date, I just wanted to find out what I could get for the house, or what the market would bear," they may not really be motivated enough to strike the type of deal we need.

**4) "I sell properties by putting my final and best price on the home. This seems more fair to my buyers, and makes the transactions I engage in stress free. Do you have a bottom line price on this home?"**

Questions like this bring it down to a point. You can find out quickly what the seller is thinking on price, and whether you are close to making a deal.

**5) After getting a price, if you can, ask how much they owe on the house. Then ask if they would be willing, if you could give them their price, to let you assume payments on the house for a period of a year, or two.**

Always have your contracts with you when you go to look at the house.

The above script is not necessarily something that you should memorize word for word. It does demonstrate the importance of getting together with your seller, and establishing a warm relationship before you get into the tougher questions. Remember to try and stay away from questions that have an easy "yes or no" answer. You want to keep them talking for maximum success.

Also remember to be genuine and real. While all people are different, we are also alike in many ways. Even if the seller is from a totally different background from you, you are bound to have some similar interests that can create a bond and make them want to deal with you, and not your competition.

Advanced real estate training information at:

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## Real Estate Investing Article Six

**Tax Savvy Investing -- 1031 Tax-Deferred Exchanges:** Learn the basics of section 1031 exchanges that will allow you to sell rental property, reinvest in additional properties, and avoid immediate tax liability on your gain from the sale. Make your money work for you!

*Note: This is a little more sophisticated technique, but one that you will love once you start to make money. I give more details in my course on using this as part of your overall strategy.*

This article is meant to be an introduction on the topic of performing tax-deferred exchanges. There are a number of legal hoops that the IRS makes you jump through to complete a tax-deferred exchange, but they are actually not that complicated once you study up on them a bit.

A tax deferred exchange allows us to sell a piece of investment (i.e. rental), trade or business property, buy a new property with the gain or profit from the sale, and not owe taxes on the sale immediately. If you eventually sell the new piece of property, you would owe taxes at that time. Generally, all gains and losses on sales of real estate are taxable, but an exception lies where the property sold is traded or exchanged for "like-kind" property. The new property is seen as a continuation of the original investment, so taxes are not due at the time of the sale.

Many people view tax deferred exchanges as being for huge corporations, or only for professional investors. I believe that everyone should take advantage of these where they can. Strategy -- purchase a rental home below market value, rent it for a year, sell it, and buy two rental properties with your gain. Note that if you do this too many times, the IRS may take the view that you are not a long term investor, and disallow such exchanges. When you get ready to do a tax-deferred exchange, you will need the services of a qualified CPA or Attorney. This is a basic introduction only, and you should always get professional advice from someone who has all the details on your deal, since so

much liability is at stake. In my course I list the company that I use for these real estate exchanges. They are a national company and can help you out wherever you are in the country. I have used them for several deferred exchanges, and they have been an excellent resource and extremely competent.

Let's look at how one of these deals would work. Assume that you own a rental property that has gone up in value. You'd like to sell this property and then reinvest the proceeds into some other rental real estate. You can avoid the tax bill if you can find suitable property to exchange for. The difficulty of the tax deferred exchange is that the property you are going to purchase must be identified within a certain amount of time, and it must be closed within a certain amount of time after it is identified. Unfortunately, no extensions are possible.

### **Identifying Property**

You must identify property in a written document signed by you, and delivered to the party assisting you with the exchange (cannot be related to you!) on or before 45 days from the date you sold the original rental property. There is a growing body of support for identification of properties, and closing of new properties before the original property is sold. This is somewhat controversial and outside the scope of this discussion.

Technical Note: You can identify more than one property as the replacement property. However, the maximum number of replacement properties that you may identify without regard to fair market value is three properties. You may identify any number of properties provided that the total value of these properties is not more than 200% of the value of the original property you are selling. Note that you don't have to close on all the properties you identify. You can name several if you're not sure what will close, or not close, but you have to observe the rules in this technical note in terms of the value of properties you identify. If at the end of the identification period you have identified more properties than you are allowed, you are generally treated as if no property was identified. This means that you pay taxes!

### **Time Limits For Completing the Exchange**

If you have correctly complied with the identification phase of the exchange, you have up to 180 days to complete an exchange, but the period may be shorter. Specifically, property will not be treated as like kind property if it is received more than 180 days after the date you transferred the property you are

relinquishing, or after the due date of your return (including extensions) for the year in which you made the transfer.

For multiple property transfers, the 45 day identification period and the 180 day exchange period are determined by the earliest date a property is transferred.

### **Avoid Boot!**

Boot is defined as any money or any type of property of unlike kind (example, a car received as part of down-payment). You will be taxed on this boot regardless of whether or not you carry out the exchange correctly. You will want your exchange company, or attorney to examine your transaction closely to make sure you don't receive anything that could count as boot. Special rules apply for exchanging property with assumed mortgages.

### **Summary**

The tax-deferred exchange is a great way to maximize your wealth. By keeping your investments growing without immediately paying taxes, you can do wonders for your net-worth. You will need to search out a good intermediary. I am happy to provide the name of mine for our members. This may seem like a dry subject, but it is important to understand when you begin to accumulate some rental properties.

Remember that this article is to provide basic information only. If you are planning on doing a tax deferred exchange, you really need to speak with a professional that handles these transactions on a regular basis. Information here is subject to change by IRS regulations or statute, so be sure to use current information provided by your accountant or other professional when planning a strategy involving tax deferred exchanges.

Advanced real estate training information at:

<http://www.reidepotshop.com/Whisnant/magnetic.html>

# Real Estate Investing Article Seven

**Why You Should Know About FHA Lending Limits:** This real estate investing article discusses FHA lending limits, and how they can help you determine which neighborhoods to invest in. Also, our experiences in selling properties to buyers who receive FHA financing.

The subject of this article is very important to the investor who wants his rehabs or flips to have the largest possible pool of potential buyers. While I do invest in houses of all price ranges, I have found it easier and faster to sell homes that fall within the FHA lending limits.

*Note: When I say that I am serious about determining what neighborhood to invest in, I mean it. Tools like this are more fully developed in the course so that you can really find the IDEAL area to invest in property. I will NOT give any lukewarm statements like, "Look for a bread and butter neighborhood." I know that you need more than that when you are considering an important business undertaking. This article is one of my most requested by real estate groups and associations, and has received great praise from both active and new investors who have emailed me when it was incorporated in their local real estate group newsletters.*

FHA loans are designed (and guaranteed by our government) to encourage home ownership for buyers with limited financial resources and often imperfect credit. There are several programs floating around that will actually let you get into a house with an FHA loan for nothing down. Again, I want to make the point that nothing down is easy in the present day and age, finding the deals is the hard part. Your mortgage broker would know about these, as they are national in scope. The credit score is not nearly as important with FHA (or VA) homes as with conventional loans. In general, the underwriting requirements are easier than on a conventional conforming loan, and the closing costs are extremely low. Borrowers can qualify with minimal cash reserves.

The drawback of FHA loans is that the homes sold must meet FHA standards, which means that the appraiser does not want to see any deferred maintenance due on the property. If you are selling a beaten up house, you should be careful before accepting an offer in which the buyer plans to obtain FHA financing. You may have to make some repairs, at your cost, to get the house up to the appraiser's standards. In the next article (The Average Appraisal and the "Flip"), I discuss the requirement in most owner-occupant

loans that the property be in "average" condition. The FHA requirements are generally stricter than this requirement as a rule of thumb.

### **"I heard that FHA loans are terrible from the Seller's Perspective . . ."**

There are opinions about FHA financing that range from good to bad from the seller's perspective. Many of the bad opinions concerning FHA loans arose under the old way that these loans were set up. Under that system, there were requirements for the types of finishes that would be inside the house. You have probably heard the expression "FHA grade carpet or vinyl." FHA required that the carpet be of a certain pile if they were going to do the loan.

In lieu of hypotheticals, I can give you some real examples of deals done with FHA lending. An investor who works in some of the same neighborhoods that I do recently sold a house to a buyer who obtained an FHA loan. The FHA guidelines as quoted by the appraiser required my investor friend to erect hand rails off the back steps, put in gravel for a driveway, put screens on all the windows, and fix numerous other small items. My most recent FHA sale had no requirements (it was on a total rehab), the one prior to that required splash blocks under the gutter downspouts. Another house I sold FHA required that a screen door be fixed. Not a big deal. These are really aggravation items, but nothing that could break a deal.

Side-Note: VA Loans generally require the house to be in excellent shape. When our family business was building new homes, many of these were sold VA in some sub-divisions that we developed. VA put numerous requirements on the properties before they could be conveyed, and made demands that really verged on cosmetics. Recently, my wife's family sold a home, and the seller sought financing through a VA lender. The only requirements they were given were to clean ants off the electric meter and turn up the hot water temperature. Strange, but no big deal . . .

If you are selling homes that are in generally good and clean condition, you have nothing to worry about.

### **How This Relates to Choosing Your Target Neighborhood**

FHA loans are important to think about when you are beginning your real estate investing career. When we select a neighborhood to invest in, one thing for us to consider is whether or not we could rehab the property and sell it via

an FHA loan. FHA has a maximum amount that they will lend in each given area, or county. This amount is moved up or potentially down to reflect the actual cost in an area for acquiring a fairly nice property. Thus, in my county, which is metro-Atlanta, we have a much higher limit than in a more rural county with lower housing values.

Many people just cannot qualify to buy without FHA, and if we shut them out with a higher priced property, it may take a little longer to sell our home. If you are selling your home within the FHA limits, you also know that you are right in the thick of the market.

Thus, if you are trying to decide on two different areas to invest, and all else is equal, go with the area where you can market your properties within the FHA financing price limits. Another advantage generally on dealing with this type of buyer is that they often are younger buyers who do not intend to stay in the house forever. You can thus market smaller properties to them (though I prefer 3 bedroom homes!), and properties that are neat and clean but not trimmed out expensively inside. They are probably coming from an apartment, so the house will seem nicer than where they have been.

Advanced real estate training information at:

<http://www.reidepotshop.com/Whisnant/magnetic.html>

## Real Estate Investing Article Eight

**The "Average" Appraisal and the Flip:** If you are planning on flipping torn up properties, better read this first for the real world considerations that the gurus don't mention!

*Note: As I said before, one of the key things that you will get from my course is "instant know how and experience." This critical information is incorporated even into this free package, because it is info that you need to avoid losing money, or having a good deal go bad. Because I want you to succeed, I condense and give you as many of my experiences and true-life examples along with step-by-step techniques in the full course.*

One of the strategies that is in almost every real estate course involves finding a torn-up and ugly property at a cheap price, pay someone \$300 to clean out the personal belongings of the prior owners (if you even do that much), and then resell it to a homeowner as a "fixer-upper" with little or no work. This type of

deal seems to benefit everyone. You get a nice quick profit, and your buyer gets the house for a good price.

We love flips, and we've done many. However, you should be aware of a potential hurdle that you have to get over on this type of deal. With the information in this article, you can sell your ugly properties for more money, and to the correct buyer.

If you are selling the home to a homeowner, you generally will need the appraisal by their lender to say that the house is in "average" condition. This means that the home doesn't have to be cosmetically perfect, but it also can't be a total wreck. Nor can it have significant repairs that need to be made. Basically, it must be habitable, as a reasonable person would view habitable.

The "average appraisal" requirement almost sunk a deal for us when we decided to flip a foreclosure that we bought and sell it "as is." It needed \$25,000 in work. With that work, it could be sold for \$160,000. We paid in the 80's for the home, and priced the house for \$120,000 "as is," receiving a contract the same day. The house was not perfect by any stretch of the imagination. Problems with the house included broken windows, rotten exterior wood, no light fixtures (all removed). Some interior doors were torn off their hinges, significant holes in interior walls, and there was no carpet (only plywood floors) in the den.

We typically would market a home like this to another investor, but decided to try to retail it (selling to an owner occupant). The house was in a really sought-after neighborhood, and we knew we could get top price for the property from someone who was looking for a fixer-upper to live in.

The loan process was smooth, and the buyer qualified with no problem. The only condition left for getting the loan was a satisfactory appraisal, which meant that the house had to be in "average condition" according to the lender.

The appraiser came out to the house and almost killed the deal. The appraiser graded the property as being in "poor condition." His report stated that all broken glass had to be fixed, that the plywood floor had to be covered with vinyl or carpet, that the exterior rotten wood had to be repaired and replaced, and the holes in the wall needed to be patched and painted to match the surrounding walls. He also took issue with the dishwasher, which had been kicked in, and the central air conditioning, which did not work. His opinion, and thus that of the lender, was that all of these items had to be fixed before the loan could be made. I thought this might have been a problem with this

particular lender, that their requirements were more rigorous than most. I called my personal mortgage broker and he confirmed that residential lenders required average condition as a rule regardless of whether or not the house appraised for the loan value in its current condition.

Of course, I did not want to have to make all of these repairs, and sell if for only \$120,000. If I was going to do all of that, I might as well rehab the house and get the higher money that it would bring fixed up. The buyer whined and complained, and stated that he couldn't see fixing these items at his expense prior to closing. He didn't want to invest his time and effort in case the house couldn't close for some reason, which was reasonable.

To make a long story short, I decided that the other appraiser was too picky, and persuaded the lender to call a different appraiser. Basically we reached the same result, but the a/c and dishwasher did not have to be fixed. We did have to fix the windows, cover the plywood floors, and perform some of the other repairs. I offered to fix the windows, and do half of the repairs if the buyer would install the carpet and handle some of the repairs. He agreed to do so, and we closed.

You can make these deals work out, but do whatever needs to be done to get the average appraisal before putting it on the market to flip. I know that I could have gotten more money for the property if I had done these repairs before selling. If I had known this information at the time, it would have put an extra \$10,000 in my pocket. It was a good deal for me at the price it sold for, but doing the repairs would have made the process go quicker, and probably persuaded some more timid "fixer uppers" to bite at a higher price.

### **Sometimes It's Better To Sell To an Investor, or Educate Your Buyer on the Right Type of Financing**

When we have flip properties that really need a significant investment to get into acceptable condition for a lender's appraiser, these generally need to go to investors. If you're going to take the time to fix a long list of items, you might as well finish the job and sell it as a rehabbed property. Investor loans usually do not require the house to be in "move-in" condition. The downside of this is that most investors will not pay as much for the house as an owner-occupant might, but if you really don't want to do much work to the property, this is the way to go.

The total wreck property *can* be sold to an owner occupant "as is" if that owner occupant gets a property rehab loan. Under such a loan, the property

would be appraised for the value that it would have fixed up, and the loan would be based on that value with the repair money left in an escrow account to be disbursed as the repairs are made. In real life, the example would work as follows: the buyer finds a property for \$70,000. Fixed up, it would be worth \$100,000. There are \$30,000 worth of repairs that need to be done. The loan would be made for up to 95% of the improved value, or \$95,000. The loan would thus be made to buy the property for \$70,000, with \$25,000 left in escrow to be disbursed by the lender after their appraiser verifies that work has been done on the house. As you are probably starting to guess, these loans are not obtained by many homeowners. These loans are complicated to apply for, and to underwrite. Most homeowners don't really know about them, much less how to get them. If you are trying to flip a property like this, getting some information from your mortgage broker on this type of loan to give to prospects is a must if the house is torn up.

### **Conclusion**

The quick flip is one of the most fun transactions in real estate. You can make almost as much on some of these then if you rehabbed and resold the property. Generally, a fast nickel is better than a slow dime. If the property needs repairs, you may want to do a few of them before putting it on the market so that you can get an average appraisal. In speaking to different appraisers, these requirements are: absolutely no broken out or boarded out windows, coverings of some kind on plywood floors, and light fixtures in all rooms, or blank plates over where light fixtures are wired. Exterior rot must also be repaired if particularly bad, as on our home. If the property is totally destroyed, you might do better to sell to an investor, rehab it yourself, or educate your owner-occupant on how to get a rehab loan so that the condition of the property doesn't kill your deal.

Advanced real estate training information at:

<http://www.reidepotshop.com/Whisnant/magnetic.html>

## **Real Estate Investing Article Nine**

**Rehab Scheduling Part I:** Learn how to get your rehab scheduled to finish quickly and do more deals each year. This is part one of a two-part article.

*Note: It is important to know how to run and implement a plan to fix-up the properties that you buy. You deserve a written plan, and practical advice on finding good subs, which I give you in my full course. Hiring high*

*school kids, as a couple of gurus suggest, is good for a sub-shop, but not a real estate business. I have tried that and found that the pros are faster and often cheaper when time is factored in. In the full course, we really get into fixing up houses for flipping, the colors I use, and the actual costs that I pay for a laundry list of repairs!*

One of the most common questions new investors have is -- “Once I have a property, and once you have found and identified the subs you want to use (covered in my course), how should I go about scheduling the job?” We’ve probably all seen rehab jobs that seem to take forever. I pride myself in getting my jobs done faster than just about any other local investor I can think of. This takes no special abilities, only some solid planning before you begin work. If you take a year to get each house done, and I’ve seen some take as long as a year and a half, your profit will fly out the window in the form of payments and holding costs. The purpose of this article is to give you a structure and method for organizing your rehabs. The goal here is to do these steps in a certain order so that workers will not tear up what the workers before them accomplished. Scheduling is the key to making sure that “Worker B” does not destroy what “Worker A” did.

I am assuming for this article that you are not required to permit this job. If you were required to permit, you would need a list of repairs you plan to make to the property, and the projected total cost. Take these down to your local permit office, and you will receive a permit. The price you pay for the permit is usually a flat fee plus a percentage of the value of the repairs you intend to make. If you are adding a bathroom, or addition to the house, you will need a plan. It doesn’t have to be pretty, or by an architect (at least here in Georgia), but it needs to be drawn to scale.

## **Starting Your Rehab**

To start a project, the first thing to do is get at least a 30 yard dumpster, and probably a 40 yard dumpster. Dumpster prices don’t increase much to get a bigger one, and you’ll be amazed by how much waste each job

generates. Hire some day workers, or dependable labor to go in and get out all of the prior occupant's junk. (Many of the properties we buy have couches, clothing and general junk left by the prior owners. I like to get that out first). If anything is good, you can donate it to the Salvation Army. You get a tax write off and someone else can put it to use.

Street-Wise Tip: If you are in an area that has low-income residents (perhaps an area that middle class residents are moving back into), do not put bags of trash by the street. The other residents will dump them out looking for items of value, and destroy all the clean up work you have done. We've learned this the hard way SEVERAL times.

Your cleanup will take a day or two at most. If any sheetrock is in terrible condition, where you cannot cover it with thin 1/4" sheetrock on the walls, or 1/2" on the ceilings, rip it out now while you have your labor. The prime example of the wall that should be torn out (gutted) is one that has suffered heavy water damage and is bowed or not solid anymore. If the kitchen is going to be replaced, rip out the cabinets as well. Tip: See how the cabinets are attached. If they are screwed into studs, provide screwdrivers or a drill with a screw bit for your laborers to use. If the cabinets are nailed in place, provide a pry-bar. Make sure to tell them to be careful with the kitchen walls. You don't want to tear up anything that you don't have to tear up.

If the yard is a wreck, have the guys spend an hour or so mowing, trimming overgrown hedges etc. The neighbors will be VERY thankful, will probably come over to thank you, and will be a good future source of referrals.

You presumably have your general plan by this point. You may be planning on adding a bathroom, or just simply repainting and putting in new trim or doors.

At the start of the job, and after the old cabinets are removed, invite your kitchen designer out to look at your kitchen. You should be down to bare walls in your kitchen at this point. I use a company to install my kitchens that does nothing but kitchens. They primarily cater to builders, and are priced 40% less than you would pay at Home Depot or another superstore for cabinets. As part of their service, they send out a designer to measure and design my kitchen. I cover the brand and style of cabinets that I use in my course. Also, make sure to find out how long it will take between when you actually order your kitchen and when they install it.

You will next want to have your electrical rough work and your plumbing rough work done. I'll give the electrician (or plumber) a seven day head start, starting the plumber (or electrician) seven days later. We are only worried about large repairs here, i.e. running new wiring, replacing a fuse box with a breaker box, replacing bad plumbing/fixing leaks, installing water lines for new bathrooms. We want to do all of the rough stuff that would tear the house and walls up if we did them at the end of the process. If there is an area where both electrician and plumber will have to work together, make the first contractor finish his job in that area as the first thing they do. That way, the second contractor will not have anyone in his way if they overlap. I am not installing new sinks in bathrooms, new outlets, or anything that could be damaged by the painters/carpenters at this stage!

Repairing rotten wood on the exterior of the house can be done either before or after the electrician. The electrician will probably need to turn off the power to the house, so carpenters should be scheduled before or after the electrician comes for the rough in work. (Carpenters need their power tools!) Place them under strict orders to not work inside where they'll get in the electrician's/plumber's way. Replace all rotten siding at this point, check for rotted fascia board, and make repairs to porches or decks. This is also a good time to work under the house, addressing any structural repairs.

Once the plumber and electrician are gone, make sure to complete all carpentry items on the exterior of the house, structural work that involves jacking up any floors, and any new framing inside that you plan on doing. (For example, we often have bedrooms in older homes that have 2 entry doors, one to a hallway and one to the kitchen. We usually close the kitchen door off to give more usable wall space, and “sell” the room as a bedroom and not a den.)

This beyond creative real estate investing article is continued in Rehab Scheduling Part II

Advanced real estate training information at:

<http://www.reidepotshop.com/Whisnant/magnetic.html>

## Real Estate Investing Article Ten

**Rehab Scheduling Part II:** The second part of our how-to schedule your rehab article. Must read information for real estate investors interested in getting their rehabs done quicker than the competition, and freeing up their money to do more deals.

The next subcontractor is the sheetrock man, who will come in to skim and repair any walls that are in poor condition. I typically schedule him for one week after the electrician and plumber told me that they would be done. He may hang some new sheetrock, or skim areas that are heavily abused. Many of the houses we rehab are in bad shape, and there usually is a good deal of work to be done on the walls. Make sure that absolutely no jacking is going on underneath the house when you reach the sheetrock stage. This jacking can crack the walls and/or ceilings that the sheetrock contractor/plasterer has already fixed. If you are going to replace all the trim and moldings in the house, these will need to be removed prior to the arrival of your sheetrock person. These trim items should be removed by your laborers at the start of the job.

Remember, at this point, rough plumbing, electrical, and outside carpentry are complete. Next, focus on the inside carpentry work. This means replacing doors, putting up new moldings, etc. The goal is to get everything

ready to paint. It also should be about time to order your kitchen. I usually try to get my tile work done during this period as well. This would include new tiles in any bathrooms, and tile or wood floors in your kitchen as well. I usually run new flooring wall-to-wall in kitchens, and not to the base cabinets after the new kitchen is installed.

I schedule the painter for one week after the carpenter told me he would be done. If the carpentry is lagging behind, and the painter cannot change their schedule and come back a week later, I get them to start on the outside work first. This buys 3 days for us. After the exterior is completed, the inside is painted. Note that you always want to have in your agreement with the painter that he will come back for touch-up at the end of the job. I specify 16 hours of touchup. (2 guys, one day.) Hold back \$200-300 until this is complete. Agree to this hold-back before the painting work starts.

When the painting starts, get an estimate for the amount of time it will take to complete. Usually, accounting for weather and missed days, it takes my painters about 10 days to really complete the job, inside and out. My wood floor contractors need two weeks notice, so I usually call them when the painting starts and line them up for 2 weeks (14 days) ahead.

Wood floors are refinished after painting. This process usually takes 5 days, depending on how quickly the floors dry. Notes on selecting the appropriate stain, and sheen are detailed in my course along with the color that I use to conceal old stains. I now put wood floors in my kitchens, so these are done at this time.

My outside landscaping is being done at about this point. I never want to do it too early, because I don't want to have to water the plants for too long.

Next is the kitchen installation. Your kitchen contractor will handle his

job for you. Always make sure that you don't have any outlets that will be covered by cabinets, or have a need for more outlets. Your electrician should have taken care of these needs at the start of the job. This is another good reason to meet with your kitchen designer early.

The plumber and electrician come back again at the end of the job. The plumber mounts toilets, sinks, and connects the ice-line in the kitchen, etc. The electrician hangs light fixtures, hooks up the disposal, etc. Your carpenter may also come back for minor items like door knockers, door knobs, and other final items.

Finally, the painter comes back for final touch-up. A cleaning crew comes after the painter, and the house is ready for the market.

Note that I do not list or show the house until everything is done. Buyers cannot visualize what your completed product will look like, and you are far better off to wait.

If you follow these steps, I am confident that you will cut a good deal of time off your rehab time, and do more homes each and every year. Your subs will also thank you for building a flexible schedule that allows extra time for the inevitable delays that happen.

Congratulations if you have taken the time to read our entire series of real estate articles! If these have been helpful to you, I invite you to check out our 300 page course.

Advanced real estate training information at:

<http://www.reidepotshop.com/Whisnant/magnetic.html>

*Dave Whisnant*

# Resource 3

## Real Estate Questions

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The following real estate investing questions were posed by our great students! Per suggestions from several members, we are now pleased to publish those questions that would interest our growing real estate investment community.

Advanced real estate training information at:  
[www.4RealEstateInvesting.com/members only](http://www.4RealEstateInvesting.com/members-only)

### Real Estate Investing Questions (General)

1. [Q: I work 60 hours a week, how can I really get started as a real estate investor?](#)
  2. [Q: I have always been nervous about having to deal face-to-face with sellers. It is keeping me from really taking action. Help!](#)
  3. [Q: When should I start to accumulate rentals? I don't have much if any extra money in the bank right now, and owning rentals makes me a little nervous.](#)
  4. [Q: How can I really enter into this business with so much competition from other investors? What will set me apart from the pack in getting deals?](#)
  5. [Q: How can I motivate my friends and spouse to be supportive? I have tried various types of businesses, and I think they will scream if I announce that I want to become a real estate investor. Any suggestions would be appreciated.](#)
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**I work 60 hours a week, how can I really get started as a real estate investor?**

Dave Whisnant Answers:

This is a very common question. It seems that we have less time to get everything done in our lives, and the thought of adding anything else can be overwhelming. When I started as a real estate investor, I owned and ran a growing real estate law practice. My partner and I worked a minimum of 60 hours a week. We had a ton of stress, and I felt like I never had a chance to see my wife, or enjoy my life because of my work.

I decided that my options were to keep doing what I was doing, and lead this hectic lifestyle for the next 30 years, or do something about it and follow my dream to be a full-time real estate investor, which I had held for years and years.

I determined that the only time I had was about 2 hours on Saturday, and 2 hours on Sunday. I made it a point to block out this time to work on my real estate investing career. I drove neighborhoods, learned market values, and soon began to make offers, and acquire real estate.

Eventually, I was able to walk away from my law practice, and lead the life I always dreamed of. I definitely do not work 60 hours a week now EVER. If you are challenged on time, you must devote whatever time you can, on a regular basis, to get started. Even if that is only 2 hours a week, just do it. The other thing to do is examine how you spend your time currently. When I was getting started, I noticed that I was watching an hour of TV per day, or 7 hours per week. I gave up TV and found the extra time to launch my real estate investing career.

The point is that you can get started with little or no free time. Just devote a small amount of time each week. Make this time an appointment that you MUST keep, and you will succeed. Eventually, you can dump the job or career that is eating up your time, and have a better lifestyle if that is your goal.

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**I have always been nervous about having to deal face-to-face with sellers. It is keeping me from really taking action. Help!**

Dave Whisnant Answers:

It is common to feel a little nervous when you are talking to sellers for the first time. This is how we grow, doing things that make us uncomfortable. Eventually, it becomes easy. You just have to go through a few of these face-to face meetings before it becomes old hat to you. There are a few tips and tricks that can help you:

**1) Don't believe for a minute that you have to cold call --**

I never cold call on the telephone. I am much more a believer in marketing for real estate. I mail out my Magnetic Marketing Letters, and wait to be called by sellers. I have

them leave a message, and call them back once I've had a chance to do a little homework on the property that I wrote them about.

## **2) If they call you, they want to talk to you --**

Once they call you, they are really chasing you to do the deal. They have read your material, and feel comfortable enough with you to invite you into their homes to discuss the most valuable asset they own, their home.

## **3) Remember, these are people just like any others --**

When you meet with sellers, remember that they are people with interests and hobbies, just like you. If you can find something that you have in common, from gardening, to living close by, to having kids, your job is easier.

## **4) Think of yourself as helping --**

If you feel like you are going into their home to swindle steal their home from them, you will have a harder time. I think of myself as helping them. They know that I am not going to pay full price for the property, and that I am there to make a profit. In exchange, they get an easy quick closing, and the sum that they need to proceed with their future plans.

For more information, check out our free download on some real deals that we did. Also review our real estate articles for information on dealing with sellers.

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## **When should I start to accumulate rentals? I don't have much if any extra money in the bank right now, and owning rentals makes me a little nervous.**

Dave Whisnant Answers:

My advice differs from many gurus on this subject. I don't think that it is smart for people with limited financial resources to own rentals. Instead, they should focus on doing flips. Once you have money in the bank, that's the time to consider buying rentals.

A rental property is really like a new business. Each one will make money over the long haul, but they really are money losers for at least the first 24 months. The reason for this is that if you are buying a property for a cheap enough price to rent it out for a profit, the house is probably neglected. Unless you are putting a large amount down, a reasonable figure to hope for on single family homes is \$150-\$200 month positive cash flow. If you buy the property, paint it, pay 2 or 3 payments while fixing it up and renting

it, update the appliances, and replace carpet and make other repairs, your \$2,500 +/- of positive cash flow per year is really gone. If you have a serious repair, your cash flow may be eaten up for an additional 8-12 months.

There is no glory in having a huge net worth from rentals, but not having enough money to pay your light bill. In my opinion, and increasingly in the opinion of many lenders, you should have enough money in the bank to cover 6 months of expenses before you buy a rental property. That cushion will protect you from long term vacancies, an ugly eviction, or unexpected expenses.

When you do buy rentals, please take the time to consider what type of property you want to own. In other words, if you are not comfortable hanging out in economically depressed areas, you have to consider that, and look for properties in areas that you are comfortable with. You will be spending time at the properties showing them, doing minor repairs, or meeting contractors. As you slide down the economic ladder, you will have to collect more rents in person as well.

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## **How can I really enter into this business with so much competition from other investors. What will set me apart from the pack in getting deals?**

Dave Whisnant Answers:

When I am out in public, it seems that everyone is jumping into the real estate investor game. Thankfully, however, they seem to be jumping in the wrong way. 99% of the people are doing the same things, and looking for the same easy deals. It's like looking in a creek bed for a gold nugget and not turning over any rocks. You may find something on the surface, but you'll probably have to go a little deeper.

I have made it my philosophy to break out from the pack, and try to market my services as a buyer like any other professional would market his services. I believe that people want honesty, and fairness, which I deliver. There is so much real estate investing misinformation out there, with crazy no money down techniques and tactics that my approach will seem like a breath of fresh air to most sellers.

The other thing to remember is that as a real estate investor, you won't be doing 100 deals a year. You won't need to. Pick your deals so that you'll make \$40,000 on each one, do five per year, and be in the top 2% of earners. Even if every investor out there was killing themselves to find deals, once they have made their quota, they will be done for the year. I have tossed aside many great deals that I was just too busy to handle.

With more advanced marketing techniques, you will not face competition that will deny you the income that you desire.

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**How can I motivate my friends and spouse to be supportive? I have tried various types of businesses, and I think they will scream if I announce that I want to become a real estate investor. Any suggestions would be appreciated.**

Dave Whisnant Answers:

Hopefully, your friends and spouse will be supportive of your activities, but they may not be. As for your friends, I would not tell them your plans until you have actually gone out and successfully done a property. It's unfortunate, but people get nervous when those around them begin to strive and try to achieve. Perhaps it makes them feel bad about themselves, that they haven't worked harder on their dreams. In any event, such friends may try to hold you down or discourage you with totally irrelevant stories of people they knew that failed as investors, or "tease" you about your past failures.

I believe that you should always be honest with your spouse about your plans. If this is something important to you, you should tell your spouse what you want to accomplish, and why. Communicate your desire to spend more time with the family, and have more free time in general. Explain to them that your new career will only be part-time at first, and that it will not mean that you will shirk any of your duties around the house or at work. Tell your spouse that a marriage is a team, and that if you and your spouse could work together, this would mean a great deal to you. If your spouse can take on helping you in this business, perhaps you could take on a chore that is usually done by your spouse? The trade is well worth it. Once you have done a money-making deal, your spouse will be all over this business, but until then a little bribery never hurts.

Most spouses are threatened that your new activity will somehow affect them negatively. Find out what their concerns are, and reassure your spouse that this will not cause any harm to any aspect of your life, and may in fact be the start of a great new life for your family.

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Advanced real estate training information at:

<http://www.reidepotshop.com/Whisnant/magnetic.html>

# Resource 4

## Carleton Sheets Reviews and General Commentary on 1970's Techniques

### Carleton Sheets Articles Index

Dear Friends,

I hope that the following articles evaluating Carleton Sheets' (sometimes incorrectly spelled as Carlton Sheet, or Carlton Sheets) real estate investing course No Down Payment are helpful to you. We have made every attempt to be fair, giving praise and criticism where warranted. These articles contain information on Carleton Sheets' course, and also some good general real estate investing information. We are not affiliated with Carleton Sheets in any way.

It is not my intention to "trash" Carleton Sheets or his course. I am giving what is my legitimate and honest opinion based on the experiences that I have had as a real estate investor in an extremely competitive market. If you have purchased his course already, it is a good place to start to get your feet wet. If you feel like you must have it, you can check on E-Bay for low cost used editions, or buy Robert Allen's book, No Money Down. Robert Allen himself says that Carleton Sheets and Dave Del Dotto copied his teachings, which I think is probably accurate.

Some, including myself, have found that the old 1970's based techniques taught in most mass marketed real estate courses do not

work for them. If you are looking for new techniques that are on the cutting edge of the next "big" idea in real estate investing (marketing based deal prospecting), I would invite you to check out my full length course which I am offering for a special price in e-book form.

If these Carleton Sheets articles are helpful to you, I would be grateful and honored if you could help spread the word so that others can find the Beyond Creative Real Estate site. All comments relate to the tenth edition of Carleton's course.

Sincerely,

*David Whisnant*

## **Carleton Sheets Overview**

**By David Whisnant**

**Attorney and Real Estate Investor**

**Author of the Magnetic Real Estate Deal Maker, Rehabber, and Motivational Workshop**

Carleton Sheets (sometimes misspelled as Carlton Sheet, or Carleton Sheet) is the author of the course No Money Down that has been running on late-night television for years. Carleton Sheets started his real estate investing career in 1970, at a time when freely assumable mortgages combined with higher down payment requirements by lenders gave birth to a frenzy of creative real estate practitioners. Lenders eventually got smart and closed the barn door on such freely assumable financing.

Many investors purchased Carleton Sheets' No Money Down course at the beginning of their real estate careers. Carleton Sheets' course primarily is of interest to the first-time investor, with less information that is useful to the intermediate or seasoned investor. This may have been Carleton Sheets' intention since the full title of the course is How To Buy Your *First* Home or Investment Property with No Money Down. (Emphasis added.)

I tried to evaluate Carleton Sheets' course as if I were a beginner, and found that critical information that I absolutely need and use on a daily basis to evaluate deals and profit from real estate was not included. For example, in my opinion, the cost of repairs, different types of investor financing, negotiation tactics, how to beat out other investors, and market trend analysis should be covered in more detail. More "I've been in the trenches and here's what you'll really encounter," information should have been incorporated into Carleton Sheets' course. All levels of investors would benefit from such information.

It is true that no course can give someone every bit of information that is out there. However, we all know that courses that don't explain things fully often wind up in the back of closets or on bookshelves, never to be read again.

Carleton Sheets' course has a high cost (\$179.85), and it should be a complete system for that price in my opinion. Most of the examples in the No Money Down Course appear to be hypothetical. (There is no claim that I can find that the majority of these techniques have EVER been used by Carleton Sheets personally. These techniques are presented as a laundry list of options.) Someone with Carleton Sheet's experience should be able to give some examples of real deals, and real numbers. It does affect credibility somewhat. Many of Carleton Sheets' hypothetical examples do not match up with what I have seen in my marketplace in recent years. Many of the techniques and methods, like those of fellow guru Wade Cook, appear to be based on many of the real estate investing techniques and methods that were widely used in the 1970's and early 1980's. There is thus

some question as to whether these techniques have become so dated that they have outlived their usefulness. This is especially true in our present economic climate where lenders (through mortgage brokers) will lend 100% of the purchase price to people with good or even bad credit. Amazing.

That said, Carleton Sheets' No Money Down Course is a good primer for real estate investors. Nonetheless, real estate investors must consider if they are willing to pay a high price for Carleton Sheets' material that may not be current and that may gloss over some key areas that should be covered in more detail.

## **Carleton Sheets -- Does He Motivate You To Succeed?**

**By David Whisnant**

**Attorney and Real Estate Investor**

**Author of the Magnetic Real Estate Deal Maker, Rehabber, and Motivational Workshop.**

One of the things that I commend Carleton Sheets for is including some basic goal setting material in his No Down Payment course. Goal setting is and always has been critical for success. It is amazing how few people do it, and if his course inspires someone to make goals, it would be worth its cost right there.

Carleton Sheet's motivational material is fairly basic, and if you have ever read any type of goal setting material before, you are probably familiar with the ideas of setting long term goals, short term goals, planning, and making

commitments. If what you want is pure motivation, you would do better to buy Napoleon Hill's classic Think And Grow Rich, or check out Tony Robbins' books and tapes. If money is tight, I'd focus on Think and Grow Rich. Think and Grow Rich is an excellent book, and many of Robbins' ideas appear to have been borrowed from this all-time classic.

I decided after reading numerous motivational and human potential books, to create my own system. I kept what was really good in each, and developed a system that I think is particularly suited to real estate. I think that if you want to be successful, you really do need a motivational system to follow. Having such a system will insure that you take action, and accomplish all that you can. I would urge you to create a similar system for yourself, or invite you to use mine.

## **Carleton Sheets On Financing**

**By David Whisnant**

**Attorney/Real Estate Investor**

**Author of the Magnetic Real Estate Deal Maker, Rehabber, and Motivational Workshop**

Carleton Sheets (sometimes misspelled Carlton Sheet) does NOT draw attention to many of the incredible programs that are now offered through sub-prime real estate lenders, hard money real estate loans, and special low-documentation real estate investor programs. With the money Carleton Sheets makes from selling books, he probably has little need to access newer types of financing. I am an active investor, and understand that mastery of financing programs is a key to my continued success. There is more money out there for investors of good, bad, or no credit in the current market than you can believe. All you have to do is go out there and take it.

Carleton Sheets spends a larger amount of time on his creative real estate techniques, which to me seem unnecessarily complicated. These are presented as a string of hypothetical techniques that may or may not have ever been used. Furthermore, with all of the excellent money available for real estate investors to borrow, SOME WITH NO MONEY DOWN, why go through the hassle of making complicated offers that your seller will not understand? If they don't understand it, they usually won't accept it. If the seller were that bright, he wouldn't be selling under market value. That's just the truth. Keep it simple where you can.

When Carleton Sheets started in 1970, most loans required a large amount of money down. That was a problem. However, most loans were freely assumable by anyone, unlike today, and creative techniques were able to give the seller something for his equity and close the sale. Owners had a harder time selling because it was harder for people to get loans, especially when the 20% interest rates hit in the early 1980's.

Now, almost any mortgage broker worth his salt can get you in a house for no or low money down. The handyman who works on my rentals was complaining the other day about his landlord, and I suggested that he buy a house. He stated that he had no down payment. I told him to call a mortgage broker, that he didn't need a down payment. He didn't believe me, but followed through. The next time I saw him, he told me that he could get 100% FHA financing, for 7.25% interest. Your credit doesn't have to be perfect to get a loan like this, and there are programs out there for people with any credit background.

A friend of mine bought a house last month for over \$200,000. In Carleton Sheets' early years, he probably would have had to put down 20%, or \$40,000. My friend doesn't have this much money, so he might have tried some creative techniques like assuming the existing mortgage on the property, or trading equity in another property for a down-payment along with discounted notes.

In the year 2000, he simply had to fill out a loan application, and walked away with the house for less than \$2,000 out of pocket, and a decent interest rate. That's less than 1% down folks. Many of the old creative real estate techniques aren't needed anymore, and would probably have scared off the sellers and their agent.

The key to our present market is not how to finance the property. That's the easy part in the year 2001 and beyond. This is true if you have money or if you don't. Good credit or bad. The key now is finding the properties, and that's where aggressive marketing techniques are needed. These will be discussed in a later article on this site.

## **Carleton Sheets on Realtors**

**By David Whisnant**

**Attorney and Real Estate Investor**

**Author of the Magnetic Real Estate Deal Maker, Rehabber, and Motivational Workshop**

Carleton Sheets (sometimes misspelled Carlton Sheet) does have a brief section in his materials about dealing with real estate agents. While I personally buy more properties that aren't listed than properties that are, I understand that your relationship with agents is critical if you want to succeed in real estate investment. If you are selling a house, they control who sees it. If you are buying a listed property, they can influence the seller to accept or not accept your offer.

Carleton Sheets correctly states that real estate brokers and agents are not well versed in creative real estate concepts. In fact, most agents are reluctant to present such an offer, even though they are under a legal obligation to do so. Carleton Sheets is correct in stating that you need to find an agent who is willing to work with investors, preferably agents who are investors themselves. (This is a mixed blessing however. Such an agent will often take the best deals for him or herself).

Carleton Sheets' solution to dealing with inflexible selling agents is to have a clause in the contract that states that you reserve the right to accompany the agent to present the offer. There are a couple of problems with this in my opinion:

First, most agents today don't physically present the offer to clients. When Carleton Sheets started in 1970 before FAX machines were commonplace, presenting offers personally was the norm, but not anymore. Today offers are usually faxed to clients. Most people either have a FAX machine or have one at work that they can use. There are exceptions, but based on my experience in buying listed properties in recent years, the agent typically uses a fax wherever possible to save time.

Second, do you really want to put yourself in a direct sales situation with the seller? Remember, you'll be judged by appearance, dress, your car, and in every other way by the seller. You may look like someone he doesn't like, or remind him of an old boss. If the seller doesn't like you for some reason, that could kill your deal.

Most people hate direct sales. When you go into a living room, that's what you're doing. I like to limit variables as much as possible. I have done my share of "belly-to-belly" house buying and negotiating, especially with foreclosures. I think that if you can avoid it, you should, unless you are totally confident in your abilities.

I use an idea similar to one used by Carleton Sheets, but it is much more suited to the way things are actually done in the year 2001. Instead of meeting with your seller, you should include a letter with your offer. This letter makes the ideal presentation that you would make if you were at the seller's house. It puts you in complete control of what is said, or not said. The letter should be referenced in the offer and attached to it.

Carleton Sheets should give a little more attention to the mechanics of dealing with agents. Seller's agents are constantly judging buyers when they meet them. You should always be aware that they are sizing you up for your ability to close the deal. My course goes into more detail on this subject, because it can make or break deals for you.

Carleton Sheets also has his own real estate forms that he uses to make offers to agents. I actually used this on several offers I made on listed properties as an experiment, and was greeted with an almost outright refusal to accept the contract on that form. The agents always wanted to rewrite the deal on the standard state realtor form. You can fight an agent on a point like this, but why? They won't like you, and they will not be enthusiastic about dealing with you. If they don't like you, and another offer appears, guess who the agent will suggest that their seller go with? (Not you!) Again, the point here is that some ideas and propositions put forth do not seem to work in today's real estate investing world.

## **Carleton Sheets on Marketing**

**By David Whisnant**

**Attorney and Real Estate Investor**

**Author of the Magnetic Real Estate Deal Maker, Rehabber, and Motivational Workshop**

Marketing receives basic treatment in Carleton Sheets' course. Carleton Sheets (sometimes misspelled as Carlton Sheet) covers business cards, newspaper ads, looking at ads in the newspaper, putting out flyers etc. These are general ideas that are found in many real estate books in the bookstore. Again, all of these things are just presented, with none of them saying, "Here's the exact ad that I use today, or here's what my typical response rate is when I run this classified ad." There is little, if any, content on direct marketing, or sending out low-cost high-response letters to targeted sellers.

In my opinion, real estate marketing is the key factor that will determine your success. Knowing 89 ways to lease/option a property won't help you if you don't get a certain number of prospects in front of you. Different ideas are mentioned by Carleton Sheets, but how to specifically implement them is not really given to us.

To be successful in real estate investing, you must become a master of marketing. If you have to learn this process yourself, it can take YEARS of experimentation. Before launching any type of marketing program in real estate, I always advise people to read as many general marketing books as they can find, and use some letters, such as mine, that have generated a predictable and reliable source of prospects over time.

Hint: If you are looking for some more low-cost marketing ideas, in more detail than Carleton Sheets gives, check out [The Guerilla Marketing Handbook](#), by Jay Conrad Levinson. It is only \$16.20 at Amazon, and is a good book. While it is not specifically written towards real estate investment, many of the ideas do work in this arena. My local library has many copies of this book for free, and I'm sure yours does too. I am more of a believer in targeted marketing with human motivating language, but have incorporated some Guerilla marketing ideas into my marketing, with modification for real estate of course.

## **Carleton Sheets on Using The Public Records**

**By David Whisnant**

**Attorney and Real Estate Investor**

**Author of the Magnetic Real Estate Deal Maker, Rehabber, and Motivational Workshop**

Carleton Sheets (sometimes misspelled as Carlton Sheet) acknowledges that the public records area in the courthouse holds the key to making a great deal of money in real estate, and that few people know how to use them. This is totally true. Investors who can use the public records always do better than those who can't. Always. Real estate investors who can't utilize the public records can't generate their own leads, and thus depend on Realtors, or classified ads for leads. Too slow.

Strangely, Carleton Sheets doesn't give any real specific information on how to use the public records, merely defining the primary areas of the courthouse that hold real estate records: the tax assessor's office, the recorder's office (record room), and the tax/mortgage foreclosure area. (Note in Georgia and many other states that there is not a separate area of the courthouse for real property foreclosures. This is because of a technical reason. These states are not judicial foreclosure states where filing suit to foreclose is involved.)

I have years of experience as a real estate title attorney, and have run thousands of real estate titles at the courthouse. I am probably in the top percentage of investors in terms of proficiency with public records. That is why my students always learn how to use them, and how to find owners when your competitors will be stumped. I have included an article on public records on this site for your information.

# Carleton Sheets on Determining Value

By David Whisnant

Attorney and Real Estate Investor

Carleton Sheets correctly states that investors must keep their emotions in check when buying real estate. As I like to say, act like one of the old vulcans on Star Trek – show no emotion and use only logic.

Carleton Sheets (sometimes misspelled Carlton Sheet) gives a brief statement and explanation of the three “textbook” methods for market analysis for real estate -- Market Sales Analysis, Reproduction Cost Analysis, and Net Income Approach.

The Market Sales Analysis is the only one of these that you really need to know when looking at single family homes in my opinion. As such, it is worthy of more development than it receives in Carleton Sheets’ course. Market Sales Analysis (in a nutshell) involves looking for similar properties located close to the property being sold that have themselves been sold recently. Appraisers either add or subtract from that value based on the features in your house. For example, if your house has a second bathroom, and the other nearby houses that sold didn’t, the appraiser would add some dollars to the appraised price of your property to reflect the second bathroom.

My students are using an innovative way to not only pinpoint market value in a given neighborhood, but to also spot trends and bargain areas before the rest of your investing peers.

It would also have been helpful if Carlton Sheets had detailed the importance of dealing with appraisers when you are selling a property. This relationship is critical, as the appraiser can scuttle your deal. If you rehab properties, you will probably sell your real estate on the high end of the price spectrum for a given neighborhood. I’m constantly breaking new ground on prices where I renovate. You have to be able to effectively deal with appraisers, and show them why the sales price is warranted. You need to be

able to show them why the neighborhood's prices are increasing in general (close to stores, shopping, or a new higher priced development), and make the appraiser feel comfortable that if the property were to be foreclosed on, it really is worth what the bank is lending.

## Conclusion

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