

got spit?

**Make Money in Real
Estate even if You're
Broke!**

By Trace Trajano

**(Who the heck is Trace? Go to the last page
to find out!)**

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Why You Should Be Buying Real Estate ...even in a Declining Market

*“You should not wait to buy real estate. You should buy real estate and wait.”
– Robert Allen, Author “NO MONEY DOWN”*

You might be wondering why one in their right mind should buy real estate when the market is going down. You should be buying right now precisely because it is down. Prices have never been lower and this is the right time to be accumulating real estate.

I can now hear you saying, “But Trace...what if the price goes even lower? Should I just wait?”

You should NOT wait because you really don’t know where the bottom is. No one knows. Besides there are a myriad ways to make money in real estate other than buying it and hoping the price goes up. Let me show you the many benefits of real estate:



I – you get Income or cashflow. This is the difference between what you can get as rent from your tenant and the mortgage payment and other expenses of the property. With prices being low and interest rate still low, your mortgage payment will be very low and consequently, your cashflow or income will be very high.

D – you get depreciation. At the time this eBook is being written the tax laws in the US states that as an owner of a rental property, you get to depreciate the value of the property (less the value of the land –which you cannot depreciate) and deduct this against the income. This is a very nice benefit and it usually makes the income you get from the rental property tax free income. (DISCLAIMER: I am not an accountant or a tax expert. Consult these guys for tax advice)



“I made P300,000 (\$6,000) on my first deal because of your mentoring” – Jay Castillo, Philippines

E – you get equity build up – which is the difference between what the house is worth and the loan balance. Since interest rates are still low your loan balance gets amortized a lot quicker since more of your monthly mortgage payment goes towards principal pay down versus interest payments.

A – appreciation – yes the value is down and still going down but if you’re in real estate for the long term, the value will stop dropping and will go up eventually. Of course you need to buy in the right area or location where the population is still growing or the area is very desirable.

Lastly, you get L for leverage. That is, you get a piece of property for only 20% down (or even less) and this multiplies the return on your investment. It’s hard to do this with stocks or other investments.

As you can see, these benefits of real estate can be summarized in the acronym IDEAL – Income + Depreciation + Equity + Appreciation + Leverage. These benefits of real estate will come from a buy-and-hold strategy.



Having said all of these however, if you’re broke...there’s still a chance for you to get in the game of real estate. But your strategy in the beginning is NOT buy-and-hold. Huh? If this confuses you...the next chapter will explain an alternative strategy to make money in real estate other than buy-and-hold.

How to Make Money in Real Estate in 60 Seconds

*“If you’re broke, the last thing you need is a tenant.”
– Ron Legrand, Millionaire-Maker*

All the benefits of real estate – the IDEAL benefits – come from buy-and-hold. However if you’re a beginner and you’re dead broke...I would advice you NOT to buy-and-hold. The dark side of buy-and-hold are the three “deadly T’s” – Tenants, Toilets and Turnovers. I will not expound on these three terrible T’s but suffice it to say that not getting the right tenants could result in them damaging your property (or at least they will plug the toilets) and most likely, them abandoning your property while not paying their rent. If this scares you, good. Why did I scare you? If you’re broke – you cannot afford to buy rental properties because tenants, toilets and turnovers will make even more broke (or ‘broker’?)!

The right strategy to make money in real estate if you’re dead broke is sell-before-you-buy! That’s right – you need to sell a piece of property even before you buy it so that you will get CASH. You will not get the other benefits of real estate but so what? If you’re dead broke and penniless, cash is what you need. Once your pocket is heavy with cash that’s the time you can explore buy-and-hold and build long term wealth.

Here’s the break down of this sell-before-you-buy strategy:

1. Find a good deal
2. Put it under contract or control it in some way
3. Find a buyer & Sell the house
4. Buy the house; and
5. Cash your check!

Find a Good Deal

In today’s market, this is not hard to do. There are tons of properties going into foreclosure and there are lots of bank owned properties. A good deal is a property you can buy for 40 cents on the dollar or less and something you can pass to your buyer for 50 cents on the dollar. You keep the difference. It’s not rocket science.

BUT you need to be patient and you should do the work necessary to find a good deal. You cannot shortcut this process. You need to make offers roughly on about 20 houses before you will buy 1 – that’s right – a 5 percent batting average. So

what? If you're making \$5,000, \$10,000 or \$20,000...what will visiting 20 properties and making 20 offers cost you? Not very much so it's worth it. Get off your big behind and just make offers!

Put it Under Contract or Control It

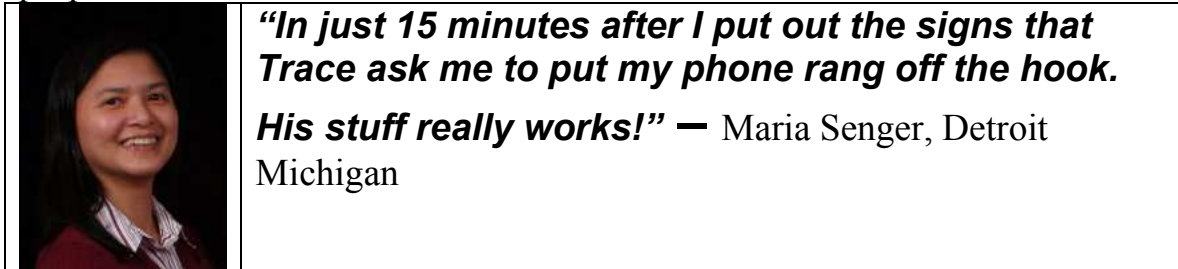
What is that? You're scared? I can hear you now "But Trace, what if my offer gets accepted? I don't have the money to buy the house!" Let me remind you that you will NOT be the buyer eventually.

Just put in the contract that your closing on the deal is dependent on inspections. Put a 10-day inspection contingency in your contract and during these 10 days you have to work very hard to find a buyer. 10 days is all you've got to control the property. Again, don't be scared because if you can't find a buyer you can walk away from the deal.



Find a Buyer and Sell the House

How do you find a buyer? Marketing is the key. You need to put out enticing marketing messages out through multiple media in order to reach your target market or your buyer. These are some of the media you can use to sell your properties:



1. Signs – put 10 signs per week along busy intersections close to the property you're selling
2. Word of mouth – tell the neighbors and everyone you know you're selling the property and offer them a referral fee of \$500 if they find you a buyer
3. Craigslist – post the property in Craigslist.org and other online classified listing services like Backpage and Kijiji. Most of them are free.
4. REIA – attend your local real estate investors' association meetings and pass out flyers about the property you're selling
5. Call For Rent signs - your goal is to talk with landlords or property managers (who will refer you to landlords) with the hope that they are looking to buy more rental properties
6. Real estate people – talk to people working in real estate like real estate agents, real estate lawyers, insurance agents and even people at the title companies to refer you buyers. Again pay them a referral fee or be willing to pay them commissions if they're licensed real estate agents.

If you do the above marketing campaigns, your phone should ring off the hook with eager buyers wanting to know more about the property you have for sale. Take their names and phone numbers and give them the lockbox code so they can look at the property on their own and ask them to call you back on what they want to offer.

Or better yet, ask all of these prospective buyers to look at the property on one day and time you choose – i.e., do an "open house". Doing so will create a sense of competition and scarcity which should lead these buyers to bid against each other.



Cash Your Check!

It's not over until you get your check. Your check is simply the difference between what your buyer is buying the property for and what the price you are paying for it less some closing costs. You need to choose the right title company to ensure that your deal does not get screwed up. One question you need to ask prospective title companies is "Have you dealt with double closings before?" If they answer NO – then move on and call another title company.

At the closing, several documents will be required by the title company – these are:

1. Purchase contract with you buying the property
2. Purchase contract with your buyer – that is with you selling the property
3. Your LLC or incorporation papers if you're and/or your buyer is/are closing in the name of a company
4. Title insurance from your buyer (in case he wants to get one)
5. Hazard insurance of your buyer

In exchange, 24-48 hours before the closing, you should require your title company to send 2 HUD settlement statements – one for you and your buyer and one for you as the buyer. The difference between the 2 numbers under your name is your wholesale fee or your profit. For more information go to

<http://gotspitmakemoneyrealestate.blogspot.com/>



You need to review these settlement statements and question every expense item. With the exception of real estate taxes, you can negotiate a lot of these expense items. For example, some title companies would charge \$100 to record the deed but others charge only \$50. Why? Because they can and a lot of their customers don't ask why. One time, I was able to cut my closing costs by \$400 simply because I ask. One phone call and I saved \$400...so don't be shy and timid. Just ask.

But Trace, is It Really That Simple?

*“The most profound things in life are the simplest things.”
– Bill Bartman, Billionaire Entrepreneur*

I know...I know...you are probably doubtful since this sounds so simple. The truth it really is that simple. To make money in real estate even if you're dead broke, you need to simply match the right buyer with the right house and you profit in the process. There is no risk to you if you do it right.



“Thank you Trace because of you I am now a millionaire” – Edén April Alemania, Philippines, millionaire 9 months after Trace taught her how to become one

To do this business in the right way, you can watch an online seminar about this in <http://gotspitmakemoneyrealestate.blogspot.com/>

Who The Heck is Trace Trajano and Why Should You Listen to Him?



Trace Trajano has acquired over \$13 Million of investment properties in the past 6 years. He and his team continue to buy and sell houses even in today's declining market. Check his website – www.HouseBuyerInstitute.com for listings of properties you can acquire for 50 cents on the dollar.

Trace also co-authored a book ***“Think Rich Quick!”*** a best selling book in the Philippines. You can get this book through his blog – <http://tracetrajano.blogspot.com>

Trace mentors students all over the world – from the Philippines, the US, Canada and Australia. He has already “created” 4 Pinoy (Filipino) millionaires and he wants YOU to be his next millionaire. His mentoring program requires a serious commitment of money upfront because Trace's time is not free. If you're serious in becoming a real estate millionaire, go to www.ThinkRichQuick.com . If on the other hand, if you're short of cash and you still want to learn then get Trace as your “virtual mentor” by going to www.TrulyRichRealeTV.com . There you will get to listen, watch and learn from Trace through videos the basic concepts about real estate investing.

