

NEXT MEETING

Monday,
June 16th
7:00 p.m.

Fort Stephenson
House
600 W. State St.
Fremont

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MAY MEETING MONDAY, MAY 19TH Fort Stephenson House 7:00 p.m.

**REAL ESTATE PROFESSIONAL LEN PARTIN
WILL BE SPEAKING ON REAL ESTATE AUCTIONS**



Len Partin, broker/ co-owner of Jack Bradley Realty located in Port Clinton and Fremont, has been an auctioneer for many years and also teaches a professional course on auctioneering. Len's real estate career began in Toledo Ohio in 1969. After obtaining an Ohio Real Estate Broker's license in 1974, he moved to Port Clinton in 1976. In 1978 he acquired fifty percent interest in Jack Bradley Realty Estate Company. Len has been an auctioneer since 1991 and has earned the prestigious CAI designation from the Auction Marketing Institute.

Len is going to provide information on the auction process and what you need to know to be knowledgeable when you attend an auction. It is very easy to get caught up in the energy that is present at many auctions and bid higher than you were planning. Learn the difference between an absolute auction and a reserve auction. Know the fees that may get you in trouble if you are not paying attention. Learn the psychology of an auction and how to make sure you're getting the deal you thought you were if you are the successful bidder. Learn how to inspect an auction property properly. He will help take the mystery and fear out of the auction process so you can make auctions a profitable part of your buying or selling strategies. Don't miss this one so you'll be able to attend any auction with confidence and get the best deal possible!



SHORT SALE SECRETS

by Dwan Bent-Twyford, the Queen of Foreclosures

Anyone actively investing in foreclosed and distressed properties has no doubt come across one major problem... Finding deals with equity! Trust us, this is a nationwide problem.

There are so many foreclosures out there; unfortunately most of the homeowners owe what their property is worth. We find that most investors walk away from deals with no equity. They either don't know what to do with a no-equity deal or they are unwilling to put forth the effort necessary to make the deal work. In situations like this, we SHORT SALE the mortgage.

"What is a short sale?" You ask. To short sale a mortgage means getting the bank to accept less than is what is owed as payment in full. There are several steps that will ensure your success when short selling mortgages.

First of all, you must have the homeowner under control. Many investors are under the misconception that they can buy the property directly from the bank while it is in the foreclosure process. Not true! The bank does not own the property until the moment of the courthouse sale. You can buy the mortgage and finish the foreclosure process, but you cannot buy the property. You'll have to work hand-in-hand with the homeowner if you plan to short sale mortgages.

Here is how it works: A homeowner calls you and says he is in foreclosure; owes \$95,000 on his property; it's worth \$100,000 and he is 8 months in arrears. He wants to move on with his life but can't sell his house because he owes what it is worth. Here is where you come to the rescue. You meet with the homeowner and have him sign an "Authorization to Release" form (this gives the bank permission to speak with you about the account) and a sales contract for the amount you are willing to pay for his property. In this scenario we are going to offer \$50,000.

Next, you call the bank and ask for the Loss Mitigation Department. This is the department that handles properties that are in foreclosure. Tell the person handling the account that you are trying to help Mr. Smith with his foreclosure and you are willing to buy the property from him. However, due to its poor condition you are only willing to pay \$50,000 as payment in full. Fax the sales contract for \$50,000; comps in the area; an extensive list of repairs that are needed to bring the property up to marketable condition; a net sheet (a title company will help you with this); and some really bad pictures. The bank will then review the information and make a decision. Let's say they counter at \$65,000; you counter again at \$55,000; they accept! It's that simple! We short sale many, many mortgages every year. Banks are not in the business of owning properties. They would rather short sale a mortgage than go to the courthouse steps.

We'd like to share an incredible deal one of our Foreclosure Fortune Hunt graduates put together. Her name is Cathi Dubois. Cathi was helping some friends find a home in which they would live. They came across a property valued at \$200,000 in a distress situation. The property had a mortgage of approximately \$197,000 and was in need of several thousand dollars of repairs. Based on the fact that the current owner owed what the property was worth Cathi did what any prudent investor would do, she did a successful short sale. She contacted the bank and began the process. Her first offer was \$50,000. The bank laughed and told her to make a higher offer. After several phone calls, the bank agreed to accept \$130,000 as payment in full. That is a \$67,000 short sale! With the new payoff of \$130,000, she then wholesaled the property to her friends for \$140,000 and made a smooth \$10,000 in less than a week!!!

Personally, we think she gave the property away too cheap (smile). This is a typical case where having a firm grasp on creative real estate enabled Cathi to turn a "nothing deal" into a "something deal" just by picking up the phone. She made money (and a lot of it) on a deal most investors would have passed by. The bank was happy with the short sale, Cathi made \$10,000, and her friends bought a home with \$60,000 equity!

So... the next time you get a call from a distressed homeowner with no equity, what will you do? Walk away or make a few simple calls and turn your time into cash? We certainly hope you will make the small effort it takes to short sale the mortgage. It is such an easy way to make money in an industry where great deals are tough to come by. When you short sale a mortgage, not only are you helping yourself; you are helping a very distressed homeowner and giving them the chance to start over. One can never go wrong when win/win is the solution.

Five Tips for "Selling" ANY House in a Slow Market

by William Bronchick, JD

The market is slowing and investors are drowning in house payments. Is there an end in sight? Probably not. But, there is something you can do about it. Dropping the price until you get it sold is one way to do it. But, here's a better solution--*sell* the house.

What amazes me is that most sellers don't "sell" their houses. They advertise houses, they list houses, but they don't SELL houses. In a good market, you can rest on your laurels, but in a soft market you have to be willing to **do something different**. Stop whining about the slow market and start SELLING your houses!

1. Make Your Listing Look Great!

Most MLS listings are boring, informative, and don't sell the house. That's because most people leave it up to the real estate broker to create the listing, which is communicating with other brokers. Instead, take charge of your listing. Make sure the pictures are great, not average.

Photoshop the pictures, so there are excellent photos of the front, the kitchen and the most appealing features of the house. If there's a gray sky, wait until there's a blue sky. If there's a dead lawn in the photo, pick up that Photoshop paint brush and make it GREEN.

When a buyer's agent is scanning the MLS with their clients, you've got two seconds to catch their attention and initiate a showing--make a good first impression!

2. Use Lots of Directional Signs

A sign in front of your house is good if you are on a main street, otherwise you have to get traffic by your house. Use dozens of directional signs from the nearest main road to your property. On weekends, tie bunches of balloons to the main sign on the road.

3. Use a Professional Sign in Front

Do not, I repeat DO NOT use the cheap sign from Home Depot, particularly the info tube that requires you to roll up your flyer. Invest in a solid metal-framed sign that has an attached flyer holder that makes it easy for people to pull out your flyer.

If the house is vacant, have an arrow with the words "More info" pointing to the house, and put your flyer box on the stoop of the home. This will get people peeking into the home, which is what you want.

4. Get a GREAT Flyer

It amazes me how boring and technical most home information flyers are prepared. The lazy real estate broker usually prints the flyer in black and white off the MLS listing computer. Instead, use a full-color flyer with excellent high-resolution photos of the inside.

If you are not a digital camera buff, go on craigslist.org and hire a high school kid to shoot and edit some photos. Sell the features of the house, not the facts.

5. Sell People on the House

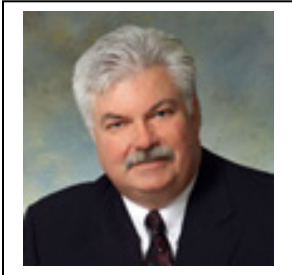
Most sellers show houses, and say, in effect, "Ya'll come back now." Let me ask you a question: Is this what car dealers do? Of course not! The cardinal rule of a car salesman is to NEVER let a customer off the lot. Why should selling houses be any different? If you elicit the right information out of the buyer to understand that he is in the decision making mode, push him to make a decision.

Can you remember walking into a car dealer thinking to yourself, "I'm just looking, I have not made up my mind yet"? And then, for some inexplicable reason, you left with a new car! Why? Because that salesman SOLD it to you, he didn't just let you test drive.

Not all buyers are ready to make a decision, but if he's been looking at a few houses for a few weeks, he may be ready, even if he says otherwise. Be ready with a contract and try to get the buyer to leave you a deposit check, even if it is refundable. Get as much commitment as you can. Instead of *showing* the property, SELL it!

Two Major Benefits of Having Private Lenders

by Alan Cowgill



Alan Cowgill is the owner of Colby Properties, LLC. and President of Integrity Home Buyers, Inc. Alan is a full-time Real Estate Investor, investing in single family and small multi-family properties in Springfield, Ohio. Since 1995, Alan has bought and sold over 200 investment properties. Alan uses Private Lenders, not banks; to fund his real estate purchases. By doing this, he has created his own private bank of \$2,000,000 in funds. Alan looks for "Win - Win" situations, where the seller, the lender, and the eventual homeowner can all "Win". He is not a Realtor, but a Private Investor.

I started my business by using banks, savings, credit cards, lines of credit, creative techniques with sellers (like land contracts or lease/options), and partners. But, once I was self-employed, I was concerned that it was going to be harder to get loans to purchase properties.

I had always been unhappy about how long the banks take to get the job done. I had it take 4-1/2 months on a house without a furnace. The bank didn't know if they wanted to make a loan on that kind of house, but that is what my rehab business is all about. Buy 'em ugly, cheap and fix 'em. Just think, if I would have used a private lender on the above deal, I could have bought, fixed & sold the house and pocketed \$20,000 by the time I got to the closing table with the bank.

With private lenders, I have the funds available all the time. When a good deal comes my way, I can grab it because I know the money is waiting for me. While my competitors are scrambling around applying at the bank, I've made an offer and closed the deal. My rehab crew is all over the property like ants before the competition knows what happened. I love having private lenders for my business.

So, a major benefit is SPEED to purchase a property.

Let's look at another major benefit of having private lenders. My first private lender was my Mother. My Dad had passed away in 1989 and Mom had insurance money. She proudly invested it on bank certificates of deposit (CDs). When I became a real estate investor, I learned about finding private lenders and so I talked to Mom about it. She loaned me \$5,000 and received 10% interest in return. I paid her monthly just like her bank did with her CDs. She was delighted and so was I.

As my use of private lenders increased, I learned that some of them didn't need monthly payments and so I started to structure my loans so there was no payment until the property is sold.

This is a huge benefit... Think about what this has done to improve my monthly cash flow. Now my Mom will always get monthly payments from me because she is retired and depends on that income BUT anyone who can wait on their money, I'll let the money accrue. So the second major benefit is improved cash flow because you don't have to make monthly mortgage payments but just let the interest accrue.

The 5 Money Making Advantages Of Multi-Unit Investing



- The first is cash flow. Cash flow on a multi-family is always greater than that of a single family. Simply because you have more rents coming in.

The more units you have under one roof, the less risk you have. If you have a single family house and you lose your tenant, you've lost 100% of your income. In some instances, this could be your entire profit for the year. If you had a three family and lost a tenant, you still have two rents coming in to pay your expenses.

- Economies of scale are in multi-unit buildings. If you have six single family houses opposed to one six family, you have six roofs to be replaced or repaired, six lawns to be maintain, six tenants spread out through out your city or town.

In your six-family, you have one roof, one lawn and your tenants are centrally located. Economies of scale are in your favor.

- There's a lot less competition than there are in single family houses. Why? Because no one is out there teaching how to do it and all the single family guru's make flipping single family houses sound as easy as chewing gum in the dark. The smart investors put multi-units in their portfolios along with single family houses.
- Because of the bigger cash flows, you can afford to hire management companies to manage your tenants, thus eliminating that hassle while you go out and do what you do best (or should do best), find and finance them.
- Your pay days are a lot bigger when you finally sell your property. This is because an apartment complex cost more than a single family home. Because of this, they obtain a greater dollar amount of appreciation. For example, a \$100,000 single family house in a market that appreciates 10% will be worth \$110,000 while a three family house worth \$300,000 in the same market (10% appreciation) will increase to \$330,000. That's \$20,000 more money in your pocket!



Thank you to our own Cindy Crispen from Wells Fargo Home Mortgage who spoke during the April SCAREIA meeting about the recent changes in the Fair Housing Laws. This information should help keep you out of trouble when renting your properties!! Also, there are still many different financing options out there for investors interested in increasing their portfolios. With her 29 years of experience in the banking industry, Cindy has a wealth of knowledge that can certainly assist you in your financing needs. Please give her a call at 419-334-5554, or stop in and say "hi" – 623 Napoleon St., Fremont.

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**For further information,
you may contact
any of the Board
Members at any time**

About Our Organization...

SCAREIA was organized in October 2005. Our primary focus is to share information, to help educate and to motivate our members in their successful real estate endeavors.

Anyone interested in Real Estate Investing, whether you are just beginning or a seasoned investor, are welcome to join.

SCAREIA meets the 3rd Monday of every month at 7pm. Meetings are located in the basement of the Fort Stephenson House, 600 W. State St., Fremont, Ohio.

A SPECIAL THANK YOU FROM MARY METHNER:

To everyone who sent words of encouragement during this very difficult time in my life, I greatly appreciate it. Joe had been so sick for so long, and he is finally at peace. Know that I truly value the friendship of each and every one of you.

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**SANDUSKY COUNTY AREA
REAL ESTATE
INVESTORS ASSOCIATION
600 W. STATE ST., BOX SCAREIA
FREMONT, OH 43420**

