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While teaching his successful techniques and creating millionaires all over the US and Canada, Ron continuously buys and sells real estate.

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Nine Steps to Improve Your Closing Ratio

by Ron LeGrand

You've pre-qualified your prospects. They look good and you've made an appointment with your lender for the formal loan application. You're feeling good about yourself now because, as far as you're concerned, this house is sold...or is it?

Don't spend your money before you get it!

Would you be shocked to learn that a full 25 to 40% of the buyers you put before a lender will not make it to the closing table? That's right. Over one fourth won't close and you'll have to start all over. Most of the time there are things you can do to raise your odds of success.

That's what we'll cover here. However, sometimes there are things that crop up that cannot be controlled no matter how good you are. As I write this, I'm shedding tears on my paper, because of one of those uncontrollable events that happened to me.

I bought a house for \$12,000 through a Realtor. I then spent \$7,000 fixing it and put it on the market for \$49,900. A buyer came along who agreed to buy it if I'd add a garage. I had already pre-qualified this buyer so I said OK, I'll add a garage after the loan is approved and raise the price to \$51,900. The buyer agreed so we got the loan working. About three weeks later, she was approved. So I added the garage for \$3,000 and installed the carpet and A/C, which I planned to do anyway.

Well, to make a long story short, we were two days from closing and she decided she didn't want my house anymore. She had found one she liked better. Now, this was after we spent the time and effort to get her approved and after I built her a \$3,000 garage. There just wasn't any way I could convince her to close on my house instead of the other one she liked better.

Now, I can just hear you say...but you had her deposit and a contract. That's true. I did have a \$500 deposit and a signed contract. So what! Obviously, I kept the

deposit. Naturally I was upset. But none of my feelings got me any closer to that fat profit check I was going to collect in two days. So the moral of this sob story is...don't spend it until you get it. There just might be a case here for another strong message too. When you collect a binder from a buyer...get every dime you can.

Looking back on my dilemma, I should have collected another thousand or two before I built the garage. If I had, the deal would be closed by now instead of me starting over. I knew better, I just didn't do it. Man, this education is expensive. You'd think there would be a time in the life of a guru that he wouldn't have to keep going to these seminars, wouldn't you? All right, let's get on to making your closing easier. I'll give you a step-by-step process to get you from loan application to closing and beyond.

Step 1. Make Sure The Lender Orders Appraisal And Credit Report Immediately

You should tell your buyer to bring in the amount needed the day the loan application is taken (usually \$300 - \$400 to cover the credit report and appraisal). Insist to the lender that both be ordered immediately. Many loan processors tend to wait until the documents are all in before they order the appraisal. Don't allow this to happen. If you do, it will take an additional two weeks to 30 days to get your buyer closed because of the time needed to get the appraisal done.

Another reason to order now is the appraisal can be used for your next buyer if this one doesn't make it. Let this buyer pay for it. FHA and VA and most conventional appraisals are good for six months. Make sure your contract is written so you are not required to reimburse any expenses to a buyer who does not qualify. If they can't qualify, you'll have nothing to refund except the binder deposit.

Step 2. Call The Loan Processor Within 3 Days To Make Sure The Appraisal Was Ordered

That's right, you actually have to check to see if they did. Remember this...every day that goes by decreases your chances of closing. It's your job to take care of the details. No one else cares whether you get paid or not. Let me tell you another tear-jerker about the guy who was ready to close on a \$60,000 purchase from me.

Closing day was set and everything was in order. And as lenders frequently do, mine called the business where the buyer worked the day before closing and found out he had been laid off that morning. Needless to say, that was the end of that closing.

My son-in-law, Bobby, was a partner in that deal. He had already spent his share of the \$25,000 profit. When he found out it wasn't going to close, I had to give him a Valium so he wouldn't go into cardiac arrest. But soon he got over the agony of defeat, found another buyer and finally closed. By the way, we used the previous appraisal. The point of this story is if we had shaved two days off of the process, it would have closed the first time.

And if we all had a crystal ball that would foretell the future, we wouldn't be allowed the fun of making mistakes. And so on, and so on. We do the best we can and try to eliminate as many possibilities of error as we can, but regardless of how good we get...things happen.

Step 3. 7-Day Check-Up

Call your processor in about 7 days to see if these things are in order:

- Credit Report. It should be finished by now. Are there any problems?
- Verification of Deposit. Is the money in the buyer's account to close?
- Appraisal. You should have been called to meet the appraiser by now. If you haven't, find out why.
- Other Documents. What else is needed for loan submission? What can you do to help?

Step 4. 14-Day Check-Up

The loan should be ready for submission by now. If it's not, find out why and take charge of getting what's missing or correcting what's wrong. This will save days or weeks in some cases.

Step 5. Loan Approved

The long awaited day has arrived. Your buyer has been approved. Now it's time for you to take control and get this thing closed fast. There are five things that you must

get done before you can even set a closing date. All five should not take more than 72 hours. If you don't accomplish these, it could really be the PITTS!

P - Payoff Letter for underlying loans, especially if they're from private individuals. Now's your time to negotiate discounts.

I - Insurance must be purchased by the buyer and pre-paid for one year. The lender must be named as insured.

T - Title Insurance must be ordered. I strongly suggest you order it from the same company who issued the policy to you when you purchased. This will eliminate any problems the first company may have missed that might crop up when two different companies are involved.

T - Termite Report should be ordered by you. It must be free of any live infestation and damage. If it's not, fix it and get a new report. Then, and only then, send it to the lender.

S - Survey has to be completed and in the hands of the lender or closing agent before closing will be scheduled. You are in control. Don't let anyone talk you out of getting these items done. Remember, no one cares as much as you do. If you let others take charge of these five items, you're headed for one of those seminars.

Step 6. Setting The Close Date

When these items are completed, along with any other contingencies, the lender wants cleared up, you can now simply pick up the phone, call the closing agent and set a closing date and time. It probably would be best at this point to call the buyer as well. Closings go better when buyers are present.

Step 7. The Day Before Closing

Call the closing agent and get the exact amount the buyer will need to bring. Usually a cashier's check is required and you don't want this to be a last minute thing that was missed. Call your buyer with the amount and confirm they have the insurance needed to close.

Step 8. Closing Day

If your closing is scheduled in the late afternoon, which is quite common to accommodate your buyer's work schedule, this could be one of the longest days of your life. Especially if you're a new investor or you really need the money bad. Just go take a walk and relax. None of these 25 things you're thinking about will go wrong. Forget the horror stories I just shared with you. They only happen to gurus, not you. The only thing left for you to do is call the closing agent and confirm they have everything they need. Put the keys in your briefcase so you don't forget them while you're having your anxiety attack.

Show up at closing, smile a lot, sign where you are told and pick up your check. Once you get that big fat check in your hands, your heart rate will slow and you will be thinking to yourself...that really wasn't so bad after all. Congratulate your buyer on their wise decision, hand them the keys and thank the closing agent and wait until you get at least 100 yards away before you start screaming...I did it!...I did it!

Now, pick up the phone, call your spouse and tell him/her you're taking him/her to the finest restaurant in town to celebrate your success. Well, congratulations, you can now call yourself a true blue...Real Estate Entrepreneur. I hereby give you permission to wear that title. But hold on now. We're not done yet. You have one more step to go.

Step 9. Follow Up

Here's the step most so-called experts ignore. You've made the sale. You've gotten your check. Now let's make sure you've got a satisfied customer. Within three days after the closing, send your new buyer a congratulatory letter. In the letter you should ask them to call you with any problems that should occur with the house. Make sure they know how important they are to you and how you are concerned that their move went OK.

Why would you want to do this, you say? It's simple. You will develop a good image, feel better about your business, and make more money in the process. If you treat your buyers right, guess who they will tell about it. Everyone they know. You'll soon discover that 25%-

50% of your new buyers will come from referrals from your old buyers. People just can't wait to tell the world about good service!

If you really want to get them talking, add this sentence as a P.S. in the letter you send them: P.S. If you refer someone to me who buys one of my houses, I'll make your next house payment for you!

Well, I hope you enjoyed our journey to the closing table. This information should make that journey a more pleasant one if you use it, and I hope you do. It's better to suffer the pain of victory than the agony of regret.

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Get Out of Your Comfort Zone and Make Some REAL Money

by Ron LeGrand

Everyone has a comfort level in which they live and work. That level is determined by several factors and can be changed with practice and time. We have a choice of what we do each day, how we spend our time and how much money we make.

This may come as a surprise to some people who are convinced their income is someone else's choice, not theirs. Nothing could be further from the truth. Your income is the result of one thing and one thing only....

What You Choose To Do With Your Time.

"But Ron, you don't understand. I have a job. I'm not in control of my salary, my boss is. He tells me when to come to work and how much I can make." I guess you're right. You're not in control and maybe you never will be.

At least, not without a major attitude change. Listen, if you're reading this article it means you know the opportunities available to you as a real estate entrepreneur. So if you're still employed, you've chosen to do so. No one forced you. It's your decision and therefore you have chosen to exchange dollars for time which is a sure-fire recipe for being broke.

Does this mean I think everyone should immediately quit their jobs and start doing real estate? Absolutely not. This business is not for everyone. Being in any business for yourself is also not for everyone. However, if you're reading this, my guess is you're not in that group. You want more out of life than a dull job and you want to see some real money for a change. Am I right?

Maybe you aren't employed anymore and you're feeling pretty smug because you're now on your own flying free. No job! No boss! No traffic jams! No one giving you orders! Well, congratulations! But before you get too full of yourself maybe we'd better look a little closer. You see, there is a down side. You have no job which means no paycheck and no boss making decisions for you. You're on your own to decide what you do every day and

worse.

No One To Blame When You Screw Up.

It's you against the world. You're on fire. You haven't been this excited in a long time. No place to report in the morning. You can do what you darn well please. You see, my friend, that's what scares me. What will you do with all this new-found freedom? How long will it be before you fill your days up with activities that accomplish nothing except filling your days?

If you're not careful your poor time management habits and low expectations will lead you right back to doing no more than just making a living. You'll replace your old job with a new one and simply change bosses. A new dufus will replace the old one.

Have I hurt your feelings? Tough! Get over it. Remember, I'm on your side. We're in this together and it's my job to help make you better than all the employed or unemployed drones just drifting out there waiting to die. Just because you don't have a job anymore doesn't mean you're going to be rich. Rich people don't waste all day thinking like a job slave and spend their time killing time. The rich focus on what produces the most revenue with the least work.

I'm No Different Than You...

If it will make you feel any better, I'm no different than you. I wasted a lot of years killing time. That's why I'm so adamant that you don't do the same. So, let's talk about getting off to a good start. If you're way past a start, let's discuss amending your ways so you can begin making more money.

Incidentally, that has nothing to do with having more time. It involves using that time the best way you can. Whether you're part time or full time you, have a choice of the deals you participate in. You can either make a few thousand dollars because you feel comfortable with the easy stuff, or **you can make a hundred times more on the same deal using no more money or extra time to do so.** Again, you get to choose. No one else. Let me explain.

Get Out of Your Comfort Zone!

For years I dealt with low-priced junkers, usually in low income areas. I'd either wholesale for \$2,000 to \$6,000 or retail for \$15,000 to \$20,000. It was all I knew, my comfort zone. The thought of buying anything worth over \$60,000 petrified me. I wouldn't even let myself think about it. I was happy making two or three times over what I used to make from my job so why bother doing anything better and upset the apple cart? Besides, I had bought and sold hundreds of houses. I had to be smarter than anyone else I knew.

The more money I made the more I allowed myself to think bigger. Gradually I learned there was more to the business than cheap junkers and small dollars. I began to learn the "pretty house" business. My threshold kept rising higher and higher as I learned that it's just as easy to make more as it is to make less.

Now, you may be thinking it was easier to make more because I had more to work with. That's the same stupid thinking which held me back all those years. Here's some hot news right off the wire:

**If you can't make money without money,
You can't make money with money!**

Recently I decided to work some deals with students in all parts of the country. When I see them at events I make them the offer to call me to discuss those larger house deals they're presently throwing away, because the numbers scare them. I tell them if the deal was doable, I might agree to be their partner.

Consequently, some called me with deals. At this time, I have about ten or fifteen deals in various stages of production. Let me use a couple of deals to prove my point. In many cases, including yours my friend, it's not the lack of money holding you back, it's the lack of knowledge on how to structure the deals so you don't need money!

Real Life Deals

In Atlanta we found a pre-foreclosure worth \$300,000 in a lovely area. The loan was \$196,000 with \$27,000 in arrears. The second was \$28,000 and delinquent. The first had filed foreclosure and stopped because the owner told them he had a plan to bring them current.

During this time, the owner called my student and finally said he'd deed the house to him if he wished. The student let the deal pass because the numbers were scary and the exit strategy wasn't clear.

Then I got involved. We now own the house *without a dime out of pocket* to the first mortgage and we haven't made a payment yet. The second agreed to discount to \$4,000 from \$28,000 so the total debt is about \$200,000. The house sold for \$265,000 and will close in two weeks. We let it go cheap instead of spending \$15,000 on repairs. We also feel by the time it closes the first will get discounted \$25,000 to \$50,000.

The net profit will be between \$65,000 and \$115,000. The total cash outlay was \$4,000 because we chose to pay off the second while they were willing to discount \$24,000 and before they learned the house was sold. That was a good example of leveraging our brains instead of our wallets. Incidentally, how many houses will you wholesale to make \$65,000 to \$115,000? We only did one.

It costs nothing to aim high. But wait! That's only one little deal. I personally negotiated another student deal in Orlando. The appraisal the seller gave us was one year old at \$910,000. He agreed to sell for what he owes at \$513,000. The house is in a gated community on 2.8 acres with a screened in pool and tennis court. It has 7,500 square feet of beautiful living space and looks even nicer since the seller is leaving \$25,000 worth of furniture.

We're raising the money to buy from a private lender who learned the business from me several years ago. This same lender is available to anyone in his area. Nothing special happened because I was involved. Nothing, except the deal is now done instead of lost.

We did not need a dime of our own money or credit to do this deal. It just took guts and a clear vision of the exit strategy. More than anything, it took expanding out of our comfort zone.

What's the next deal? I don't know but I bet it's better than the last house you flipped. I'm sure it's better than your last year's W-2 showed. But don't worry. I can't expect something like this to come your way, can I? After all, there's too much competition where you live and it

probably won't work there anyway. Surely there aren't any sellers with more expensive houses that would even consider selling for less than retail price.

Yes, I'm being sarcastic. At the same time, I hope I'm making a point you soon won't forget: Do what everyone else does and you can expect to get what they get, Do what they fear, and they'll wish they had what you've got.

I just made that up, looks like a good overhead to me. Seriously, don't you think it's time to get your head out of the sand and begin to think much bigger? It's free. Figure out what scares you and fix it. If it's lack of money, it can and will be fixed with more knowledge.

The More You Learn, The More You Earn

Here's a brief re-cap of a few more deals presently in the works with students. A \$300,000 house in lovely shape with a \$145,000 mortgage that's \$17,000 behind. The seller has deeded it to us. We won't put up a dime. You figure the profit.

A \$191,000 home requiring \$10,000 in repairs. We paid \$112,000 cash, borrowed from a private lender.

A \$500,000 house on the ocean. Seller agreed to finance for \$435,000 at 6% with nothing down! We're trying to raise the money for the down payment (chuckle, chuckle)!

A house worth \$180,000 with a balance of \$135,000 that's current. Seller is deeding and will wait until we sell it for her. She'll net \$10,000 which was previously agreed upon.

I think you get the picture.

Speaking of millionaires, how many of these kinds of deals do you need per year to make a million bucks? Not many. Good news! They're more plentiful and easier to do than junkers. All you need to do is expand your comfort zone just a little and increase your ability to construct and present offers. You can make more or continue to make less. It's your choice.

***Ron LeGrand** had to borrow money to attend his first real estate seminar twenty years ago when he was bankrupt and running a gas station. Today, he is*

recognized as the nation's leading authority on buying and selling single-family homes for fast cash with no credit, little or no personal investment or risk. Ron uses his techniques to personally "Quick-Turn" over 1400 houses and continues to actively pursue real estate deals to this day.

Author, trainer, lecturer, consultant and entrepreneur extraordinaire, Ron has earned a reputation as the best in his field. His workshops are routinely standing-room-only and his Boot Camps continue to grow in popularity. Ron's secret is simple: his programs work -- as evidenced by the thousands of successful real estate entrepreneurs all across North America who call him by the affectionate title, "The Guru". Stay updated Ron's FREE online newsletter at <http://www.ronlegrand.com>

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The Power Within

by Ron LeGrand

I was sitting in the back of a Chicago cab discussing business with Ray Rach. Upon overhearing our conversation, John, the cab driver, interrupted and began telling us his experiences with real estate.

It seems he had bought a house a few years ago and resold it for about \$100,000 in profit. He was so proud of his accomplishment he took his new-found wealth and opened a restaurant. After about one year in business he not only lost all his money, but some other funds he had borrowed from his family.

His story was a sad, but not uncommon one; the story of a man who had tried and failed and quit for life, content with a meager living at something difficult to fail at.

After hearing this, Ray asked him, "John, if you made a hundred grand on one deal the first time, why didn't you just keep doing that instead of opening a restaurant?"

John's reply was, "Well, we made the money on the house sort of by accident. We really didn't know what we were doing. We just bought a house at what we thought was a good price, did a little work on it and two years later someone offered us \$100,000 more than we had in it, so we sold."

Ray said, "So what made you buy a restaurant?" John replied, "Oh, it's just something we always thought we wanted to do." "Well John, after your restaurant venture failed, why didn't you go out, buy another house and do it again?"

John's answer is a classic we hear so much . . . "Because we didn't have any money!"

Ray immediately shot back with, "Would you do it today if you were shown how without using any of your own money or credit?"

"Sure I would, but how can you buy real estate with no

money?"

"John, you happen to be chauffeuring the best qualified man in America to teach you that. We're doing a seminar tomorrow at the hotel where you're dropping us off. If you want to come learn how, we'll comp you to this event, can you make it?"

"Oh, I'd love to but I've got two fares I have to pick up during the day and I need the money so I don't want to miss them."

"So John, what can you expect to make tomorrow if you pick up both those fares and all the others you could get during the 8 hours of the seminar?"

"Well, I think I could knock down about a hundred bucks."

"So, you're saying you'd rather take the hundred bucks than come learn how to get out of this cab and get back in the chips?"

About this time I heard all I could stand and had to put in my two cents worth. I said, "John, this man just offered you a rare opportunity to come learn how to make a good living on purpose doing the same thing you've already done by accident. He offered to pay your way, which saves you \$49. You told him you'd love to learn how to buy real estate without money, you hated driving a cab and you're sick of being broke. Yet, when you're given an opportunity to change all this, you passed it by for a hundred bucks you may or may not even collect!"

His reply was, "Yeah, it does sound like a good opportunity, but I have to check with my wife first."

About that time I had heard all the excuses I could handle and snapped back at John, "No, that won't be necessary John, because I've just revoked your free pass. If you want to come it will cost you the same \$49 it costs everyone else in the room. However, I'll give you one more chance to get out of this cab for life. I have a brand new book that will show you how to buy real estate without money. If you wish, I'll send you this book, which sells for \$24.95, in lieu of your tip. What do you think?"

I think you can guess his answer -- he politely declined

my offer.

After that Ray and I didn't say another word to John. We just shook our heads in disgust. Five years from now John will probably be doing the same thing he's doing now. That's if someone hasn't shot him or beaten him to death for crack money.

So, what can we learn from our episode in the cab? Actually, there are several lessons hidden in this story. The first lesson, the one Ray and I have the hardest time dealing with is:

Stinkin' Thinkin'!

As hard as we tried, we couldn't convince John that a past failure in life is no excuse to give up and not try again. We put opportunity right in John's path and he chose to step over it. A small decision he made that night will probably affect him for the rest of his life.

Unfortunately, he won't realize what he's lost because people rarely get upset about missing unseen opportunities. It's always easier to do nothing than to take a risk where you might fail. No one wants to fail, but some people, like John, are so afraid of it they'd rather not try at all.

How about you? Are you so afraid of failure you freeze up when opportunity presents itself? When opportunity knocks do you turn up the remote control so you can't hear it?

Some people say, "All I need is a break. Just give me a chance and I'll show you!" Well, I don't want to ruffle any feathers here, but as far as I'm concerned, that's a load of crap! It's an excuse to sit around feeling sorry for yourself. People make their own breaks. If you're waiting for a break, all you'll get is what's left over by those who hustle.

The Best Way To Predict Your Future Is To Create It

Failure is nothing more than a learning experience and should not be used as a crutch. A second lesson we could learn from John is to dance with the one who brings us to the party.

John made \$100,000 on one house and then decided that's not the way he should be getting rich. He didn't succeed because he didn't know how to repeat what he had accomplished and didn't take the time or trouble to investigate. Instead, he plunged into another business not knowing any more about it than he did about real estate. Opportunity is all around us but we're so busy walking over the dollars to get to the dimes we can't see it.

I frequently talk to people who previously made serious money with real estate but, after some kind of unforeseen problem, quit doing what was working. You can't quit and you can't let a bad experience from the past stop you from making your future more prosperous.

**You Must Learn From The Mistakes Of Others -
You Can't Possibly Live Long Enough To Make
Them All Yourself!**

All the excuses in the world will not justify lack of action. You can lie to yourself, your family and your friends, but you can't lie to me. If it's not happening for you, there is only one reason . . . you won't let it. If you fail, it's your fault and yours alone. Not your spouse's, not your parents' or children's, and it's not because of your age.

The Enemy Is Here....It Is Us.

Sometimes we simply have to turn and face the tiger. Find out what the biggest roadblock to financial freedom is in your life and knock it down. If you don't, you'll go to your grave wondering what could have been. You'll die of the "If-Ida" disease. "If-Ida" just got started when I had the chance. "If-Ida" spent more time playing to win instead of playing not to lose. "If-Ida" thought enough of my family to quit feeling sorry for myself. "If-Ida" listened more, talked less and not been such a die-hard skeptic. "If-Ida" spent more time planning my future than I did my vacations.

I was watching Dr. Robert Schuller on TV last Sunday and he said something so powerful I instantly sprang to my feet and wrote it down:

**Only You Can Sign The Death Warrant On Your
Dreams**

Yes, it's an awesome power you've been granted. The

power to succeed and the power to fail. The choice is yours and only yours. What will you do with it?

**All People Are Self Made.
Only Successful People Admit It.**

There's nothing I like more than receiving letters and faxes from the many students who've come to realize the power within themselves and taken positive action. Keep them coming.

Don't be like John and spend the rest of your life in survival mode. Within the next 24 hours I challenge you to do something, anything, that advances you towards your first or your next deal. Go make a mess, make mistakes, make an offer, upset a REALTOR, talk to a seller, write a contract, call on an ad, listen to my tapes.... anything that creates movement. Whatever you do, keep away from negative-thinking morons. If you're not progressing, could it be due to the people you're hanging around with? If so, my suggestion is to jettison them immediately. Not when it's convenient, but right now. Look, I know it won't be easy, but neither is getting rich. When I began in this business I was faced with the same problem: Listen to the morons or do what my heart told me was right. I chose the latter and I've never looked back.

Now, many of those people I was so worried about are in the real estate business. It didn't take them long to quit criticizing me and start inquiring about what I was doing. And it didn't take me long to learn . . .

"It Doesn't Matter What The Morons Say!"

Well, I hope John the cab driver finds success before the end of his life. Somehow, I don't think he will. Some people just slam the door on opportunity and weld it shut. Don't let this happen to you. If you're reading this, it means you've reached out and you're willing to listen or you wouldn't be reading this.

Keep plugging away until you've made all your friends and family green with envy and all your money worries are recent history.

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Selling Houses Fast Part One

by **Ron LeGrand**

One of the most common things people fear about getting into real estate is they're afraid they can't sell the house and somehow they'll get stuck with it. I can understand why this would create anxiety for a beginner because they simply don't have enough facts to overcome the fear. However, if you're not a beginner and this is still a problem, there's no excuse for it. So let's get it fixed right now.

The truth is . . . selling should be the easiest part of your business

Are you not buying because you're waiting to sell what you have first? Is your income suffering because you haven't plugged the hole in the back end? Are you so afraid of selling you quit (or never started) buying?

In this article, I'll discuss the reasons why some people have trouble selling and how to fix them. In addition, you should know we now have a live, two-day boot camp I teach focused on the same thing...Selling Houses Fast (available from www.sdiwealth.com).

I've identified 14 reasons here. Pay close attention to numbers 4-7 because combined they equal about 80% of why houses don't get sold quickly.

Most of the time it's a people problem, not a house problem. So here we go, in no particular order.

Why houses don't sell quickly

1. Not ready to sell.
2. Poor area.
3. Over priced.
4. Salesperson's personality problems.
5. Inflexibility of seller.
6. Salesperson's lack of knowledge about

financing programs available.

7. Salesperson's lack of knowledge about attracting & prescreening leads.

8. No follow up system in place.

9. Functional obsolescence.

10. House very small.

11. Salesperson loses control of the loan process.

12. House located too far away from the city.

13. House is in high price range where few buyers can afford.

14. Only one bath.

Notice the majority of these problems are directly related to the person in charge of making the sale...and the rest should be fixed before you buy.

1. Not ready to sell

2. Front appearance - Would you want to see the inside?

3. Roof - Does it need to be replaced?

4. Exterior paint - Is it at least 2 colors and looks fresh? Are the colors pleasing or gaudy?

5. Interior paint - Is it two colors or does it look like a white tornado went through it?

6. Interior trim - Is there color, paper borders, blinds, bath and kitchen accessories, lever door handles, shower curtain or door, etc.?

7. Carpet - Same old lifeless, ugly brown or have you tried hunter green? Would you want this carpet installed in your home?

8. Central heat and air - If you're in the southern two-thirds of the country, it's not an option. Do it.

9. Kitchen - Does it have plenty of cabinets or just

enough to get by?

Customers won't complain about shoddy repairs. They just won't buy.

If it doesn't look good enough to satisfy your wife, your buyers won't like it either. Spend a few more dollars and make it a house you can be proud to sell and know your buyer will rave to others about.

If you do, **amazing things will happen.**

1. It will sell quickly.
2. It will appraise for more.
3. You'll sleep good at night.
4. Your buyers will send you customers.
5. Your good reputation will spread quickly.
6. The neighbors will send you customers or sell their houses to you.
7. Your attitude will improve and you'll enjoy dealing with buyers more because you know you have a great product.
8. You'll save the extra money you spent in holding costs. So, in reality all these benefits are free.
9. It'll probably even improve your sex life. Think about it. More sales means more money. More money means happier spouse or significant other. Happier spouse means more frequent and better sex. I heard that on Oprah the other day.
10. Poor area
11. Is it a war zone? If so, you must learn to sell low income houses or don't buy there if you intend to retail.
12. In low income areas it's critical you master the art of financing. You will not survive if all your sales must be to a buyer or sold for 100% cash

out.

Get educated or get out.

The good news

- A. You can make some large spreads on these houses because you can buy them dirt cheap.
- B. Most of your competition won't touch them.
- C. They're easy to find and easy to buy.
- D. At today's interest rates buyers can qualify with small incomes.
- E. Financing is plentiful. Some with no down payment.
- F. You can always wholesale if rehabbing isn't feasible for you.

The bad news

- A. Vandalism is normal.
- B. You'll have to screen out a lot of buyers.
- C. You'll be tempted to break the law by falsifying down payments because most of your buyers are broke. *Don't do it.*
- D. You'll have to take back a lot of seconds and 50% or more will default. So what? It's all free money anyway.

If you're going to work the low income or war zone areas, just be sure your exit is clear and you don't get into any traps. Don't rehab in a war zone unless you know where to get the buyer financed. You'll find a buyer who wants to live there and you can live with vandalism.

In addition, you must be flexible on terms, not expect to get cashed out 100% and clearly understand you will be prescreening one of the most uneducated segments of our society. It will take patience and practice.

3. Overpriced is not what you think

Just for the record, all my houses are overpriced. And I'm proud of it, in case anyone asks. You should always set your sales price higher than what the house appraised for. If you don't ask for more I can assure you, you won't get it.

But there is a limit. You can't go nuts on me here. Putting a \$125,000 price on a \$100,000 house is pushing the envelope. However, putting a \$109,900, or maybe even a \$114,900 price on it may work fine.

Your market will tell you quickly. If the buyers all complain about the price, you know you have a problem and you may want to lower it a little.

Warning!

Make sure the price is the problem before you go fixing what isn't broke. Only your buyers can tell you the price is too high. Not your spouse, your neighbor, your brother-in-law or even your Realtor. If I had \$100 for every time a Realtor told me my price was too high, I'd be in a higher tax bracket. Actually, that's not true. They don't get any higher.

You can always lower the price. You can't raise it once it leaves your lips. I don't know for sure but I bet I haven't lowered the price on more than 15% of all the houses I've done to get them sold. As a rule, a 10% above appraised value or good comps is the upper limit. You'll have to decide the price based on the area, condition, salability and heat of the market. Just don't be giving away money because you're listening to morons.

4. Salesperson's personality problems

Have you ever talked to a seller or a Realtor you didn't like? A mean-spirited, grouchy, personality perhaps? How about someone who just won't shut up long enough for you to ask a question? Maybe you've encountered the prescreened type who treats you like the enemy until you pass their qualification test.

How about all those times you got the wife on the phone and she was afraid to speak without her husband's permission, or vice versa. That doesn't even count the ones who do talk but never say anything. Then there's the clueless spouse who can't even tell you the asking price, much less the other details. Sometimes I wonder if these

folks ever talk.

How about the couple in the middle of a divorce who talk to you like you're the one who just slept with their spouse? Then there's the know-it-all. You know, the kind who wants to do a seminar for you on the phone to impress you with their intelligence in the art of real estate. They can't sell their own house but they can certainly tell you how to do it.

Of course we can't forget all the thinker brains trying to sell to the reptile brains, and vice-versa. Or the sellers so in love with their house it takes them 30 minutes to describe every little detail while you're trying to stay awake. Gosh, I'm getting depressed just writing this. I don't want to ever talk to a seller again. Just kidding.

The key for you is not to become like one of those people I just described. If you already are, you can fix it once it's identified. Here's a hot tip. Record your calls and listen to yourself selling your house. If there was a moron on the call you'll probably recognize his/her voice.

Every single time you talk to a buyer you must sound...

Friendly, flexible and excited

If you can't, get someone else to sell your houses, which is a whole other subject I'll cover next month.

5. Inflexibility of seller

That means most sellers can only see one way to sell a house and if that isn't happening the house will sit and sit until that perfect buyer comes along. Finding an A credit buyer to cash you out isn't the only answer. This is especially true for the low-income houses where A+ buyers are scarce.

The more you know about different exits, the easier it will become for you to get flexible. If you don't have your money in the deal and you can live another week without the cash from the sale, it frees you up to get creative and look at other alternatives.

Here's a news flash for you . . .

It's your job to find a buyer who loves your house . . .

then make it work!

That means sometimes you must be flexible. It's not a perfect world. Bend a little. Here's a short list of selling methods.

- A. Sell to a qualified buyer and cash out now.
- B. Lease option and cash out later
- C. Sell with owner financing and help buyer get refinanced later.
- D. Sell with owner financing and sell the note at closing for 93% of its face value. We spend a whole day on this in the Paper Power Boot Camp.
- E. Get the buyer an 80% - 90% loan with a secondary loan at a higher rate and take back a second for the difference.

I bet you didn't know you could be that flexible did you? Sorry, I can't go into these in detail here but I think you get the message. There's always another way.

6. Salesperson's lack of knowledge about financing programs available

No, this is not the same thing I just said. If you're going to master your craft of selling houses you must learn a lot about financing programs.

What will kill loans? What programs require little or no down payment? What credit can be fixed and what can't? What will the lender want fixed before closing? Who will let me take back a second and who won't? And 40 or 50 other questions you'll get the answers to as you go.

You don't have to know all there is about financing to sell a house, but the quicker you learn, the easier it gets. Make an appointment with 3 or 4 mortgage lenders and pick their brain. Let them help with what will work and what won't. Then when you get an interested prospect it's simply a matter of getting the buyer's information to the lender of your choice and letting them tell you what will work.

That's the best way I know to learn the ropes about financing. But you know what? A lot of veterans won't

even take time to do this. I guess they feel they're too good or too smart to humble themselves and actually ask for help. My friend, what you knew about financing a year ago is not what you should know today. It changes monthly. You must stay on top to be the best.

In issue 3, I'll finish my list of reasons why houses sometimes won't sell. In the meantime, read over these pointers I've given you and start developing your own selling strategies.

Here's hoping all your houses sell faster than you can buy them.

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Selling Houses Fast Part Two

by Ron LeGrand

The first step to success in buying and selling is locating prospects. Without potential buyers it's very hard to sell houses. Frankly, an ad in the newspaper should be enough to attract plenty of prospects if you know how to write the ad and where to put it.

I can't turn this into an ad-writing course, but any ad that gets prospects to call is a good one. Any ad that doesn't is a bad one, or it's in the wrong publication. Make sure your ad gives the prospect a reason to call. Try to include a USP (Unique Selling Proposition): What can you offer that everyone else isn't?

For example:

Lease Purchase
No Qualifying Owner Financing
No Bank Qualification
No Money Needed
Easy Terms
Owner Will Help
Will Accept Anything On Trade
No Down Payment
You Get A Car With The House, etc.

Some students use flyers distributed in newspapers and don't run ads. Others use a lot of signs, referrals, mail outs, the Internet and electronic voice broadcast.

We'll cover all these in the Selling Houses Fast Boot Camp, but the key is to make sure you keep a good flow of leads coming in until the house is sold. Where most people fail is how they handle these leads once they come in.

That, my friend, will receive a lot of attention at the boot camp. It's by far the weakest link in the chain. Leads must be prescreened properly and the good ones worked daily. Out of any batch of leads will usually come some qualified ones. Maybe not with a credit, but qualified if you're flexible as we discussed in the last issue. What I look for most, are people who love the house and are excited about owning it. Give me that and a little

something to work with and I'll get them in it.

8. No follow up system in place

Why do some folks insist on doing the same job several times when it can be done once? If you're not building a buyer's list of some kind you must love punishment. It's simple. If you have more buyers than houses, you don't run ads, send flyers, mail letters or any of that other stuff. You pick up the phone and call the prospects you've prescreened from the last time and tell them about your new house.

Why is that so hard? It looks to me like it's easier to suffer the pain of creating a buyer's list once, rather than talking to dozens of prospects from ads every time you get ready to sell. You don't have to be an organizational wizard to enact a little follow up. Hey, a pile of prescreened buyers on the corner of your desk with no separation or filing system is better than nothing. Sounds like my system. No, that's not true. At least I put them in a file folder. Then I misplace the folder, but I always know it's close by (somewhere).

9. Functional obsolescence

This one is a house problem, not a people problem. You usually can't fix this and shouldn't buy if it's present. That way you won't have trouble selling.

Here are some things that come to mind:

- **Extremely small rooms**
- **Bathroom off the kitchen**
- **Walk through bedroom to get to the only bath**
- **Low ceilings (under seven feet)**
- **House added-on unprofessionally**
- **Strange layout that can't be fixed**
- **Adjacent to odors, commercial property, school or anything else that makes it undesirable**
- **Bad or no foundation**

That's just a few of the things I can think of now. Note: Sometimes you can correct this and sometimes you can't. If you don't see a way, simply pass.

10. House is very small

I guess this is also functional obsolescence, but it's very common. Any time a house has less than 1,000 square feet I get cautious. I've learned that houses under 900 square foot are usually hard to sell and there's not much you can do but keep looking for a small family of 1 or 2 people. I'm not saying they won't sell. I'm just saying they're harder. I've probably done 200 houses below 1,000 square feet.

I think I own 3 or 4 now. I guess that verifies there is a buyer for every house. If I can buy them cheap enough, I'll still do some today. But I know going in they may take a little longer to sell.

11. Salesperson loses control of the loan process

You must remain in control from the moment you buy the house until you get a check. That includes the loan process. You decide who does the loan, who appraises the house, who gets the survey and termite report and who closes. You are also in charge of speeding up the loan.

Yep! You, not your lender. You should check in every few days, push for results and round up missing paperwork. If you don't, the close will drag on forever. Would you allow your boss to hold your paycheck for 2 to 3 weeks until he decides to pay you? That's exactly what you're doing when you let a loan processor jerk your chain. So, the next time you lose a buyer because he didn't close quick enough, go to your bathroom mirror and cuss out the person responsible.

The last time I lost a buyer two days before closing, it was because God told them not to buy. If I'd been two days earlier, maybe I wouldn't have been competing with God. Oh well. Six weeks later I sold the house for \$3,000 more than the first buyer. Maybe I wasn't competing with God after all.

12. House is located too far away from the city

That's an easy one. Don't buy it. Unless you want to create a lot of driving time so you can listen to more of my tapes. Frankly, I don't buy anything I intend to retail that's more than 30 minutes from my office. Of course I know for some of you in big cities that's about three blocks away. Hey, you can always move.

13. House is in high price range where few buyers can afford

Actually, sometimes that has no bearing because the upper market is hot. If it is, the high value is not an excuse for a slow sale. The problem is elsewhere on this list. But in smaller cities where a \$500,000 house is the mansion, you can certainly expect it to take much longer.

All that just makes a case for you to not guarantee monthly payments on big loans. Unless you're a sadist and looking for pain you shouldn't try to outguess the market. Don't count on a high priced house selling quickly just because you like it. Remove the risk, give yourself time and you'll discover the big ones sell just like the little ones, but hopefully with a lot more profit.

Caution

You'd better make sure you have a large spread on those big babies. Buyers of \$500,000 homes are more sophisticated and more apt to ask for a price reduction.

The good news is these folks can usually qualify for a loan, and the majority of the sales are all cash. Owner financing and lease purchase just doesn't have the sizzle it does on the lower end. That doesn't mean it's not used, only not as often.

14. Only one bath

I've sold hundreds with only one bath but it's not my preference. Cheap houses, not a problem. Houses above \$80,000 - \$100,000, it's very difficult. For houses much above \$100,000 it's almost impossible. People who can pay more, want more. If you can't add a bath you may wish to consider not buying if you feel it's important to the sale.

I have never added a room on the house to add a bath. The only time I have added a bath I've used the existing structure. That should cost you no more than \$1,500 - \$2,000. Trying to sell a 4-bed/1-bath house ain't easy. Selling a 3-bed/1 bath is okay as long as the house is small. Selling a 2-bed/1 bath is the norm and buyers will expect it.

Well, that's about it. I won't guarantee that every problem you'll run into is on this list, but chances are, the next

time you're having trouble selling a house, if you'll take a good look at this list, I bet the problem is in it. If you do run into something out of the ordinary that I've not discussed here, drop me a line.

In the meantime, remember that there are no real problems, just solutions. And, very often, when you do run across a problem property, there's hidden profit there for someone who knows the answers and can create a solution.

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It Takes Money To Make Money, And Other...Big Lies!

by Ron LeGrand

Whoever said it takes money to make money was someone trying to justify why they're broke. It does not take money to make money, and I'll prove it. I'll give you a step by step plan to buy and sell a house, even if you're absolutely broke, have a negative net worth, no job, no friends, no credit and just got pardoned from the state prison. The truth is, if you can't make money without money, you can't make money with money!

When I started in 1982, I had no money or credit. I was broke. I had no credit cards, no rich relatives, not even a wife working to support me. I was lying in the gutter looking up at the curb. I'd quit my job and burned the ships behind me. The only way out was to make it, or get another job. I had a mortgage and bills just like everyone else, yet somehow I made it happen. I succeeded in spite of the odds stacked against me.

You wanna know why? I'll tell ya why! I succeeded because I had no money or credit! Believe it or not, having money and credit when you begin your career as a real estate entrepreneur can do you more harm than good. It can ruin you if you're not careful. Having no money keeps you focused on doing the deals that don't require money. If your credit sucks, like mine did, you can't apply for bank loans. Therefore, you have inadvertently avoided the two biggest mine fields. Not because you were so smart, but because you had no choice.

Whether you have money or not, you should learn to leverage your brain, not your wallet. When you do that, having money becomes a non-issue because you don't need it to buy houses. If you write big checks, you're always worried about losing those checks. If you guarantee loans, you risk everything you own. Do neither, and you eliminate your risk. I bet I've said those words a thousand times, and I still see people who should know better doing it anyway.

Don't get me wrong, I'm not saying you shouldn't have

money. I'd actually prefer you to be filthy, stinking rich! I'm just saying you'll get there a lot quicker if buying houses doesn't depend on your capital or the number of loans you can borrow. Because if it does, you're a slave to your limited resources and your business will move at a snail's pace.

How many loans can you get before you get cut off? Only a handful! Then what? How many deals can you buy if you have to write a check for each? You get the drift. On the other hand, how many loans can you take subject to before you get cut off? That's right, there is no limit! And no one's counting, because it's endless. You can buy 500 houses and never ask permission or fill out an application to submit to a brainless loan officer.

The loans are not on your credit, and you aren't personally liable. If disaster strikes before the loans are paid off, like a deep recession, it's now the banks problem, and not yours. If you're new and I lost you there, subject to simply means the loan stays in the sellers name, but title transfers to you. You can learn more about this from the For Sale by Owner Cash Flow System and the Multiple Offer Strategies Boot Camp.

If you're buying junkers to rehab, how many private loans can you get before you get cut off? All you want! You should always come away from closing with more than you need to buy and fix the house. So having enough money to buy a junker isn't a problem. The problem is lining up your lender or mortgage broker to get you the money, which you can do in a coma once you make up your mind to get it done and quit using money as an excuse to fail.

"But Ron, I can't find any private lenders or mortgage brokers that will work with me!"

Whine, whine, whine. Well here's my response to that: bull! What you really mean is no one has come to you and begged you to take their money, so it gives you an excuse to be a lazy loser. Have you ever asked for money? How many times? What did you say? Who did you ask? Were they broke? Have you looked for brokers? If I put a pistol in your ear and gave you ten days to find a private lender or get exterminated, would you find the money?

Okay, forget private money and forget rehabs. How much

money do you need to wholesale a house? You guessed it: nada! Well, maybe a \$10 deposit to the seller. Can you raise that all by yourself? How much do you need to lease option a house and then sublease it to a tenant/buyer? You know the answer: none!

So let's recap for a minute. Taking over loans subject to on pretty houses usually requires no money from you, or, at most, a small amount. Yet you can immediately lease option the house or sell with owner financing and pick up \$5,000, \$10,000, \$20,000 or more from a deposit or down payment, all within a few days.

You can also buy junkers and rehab them using private loans. Getting cash when you buy and sell, never spending a dime of your own money. You can also lease option pretty houses from the seller and sublease to tenant/buyer, picking up deposits in the thousands within days and huge back-end checks when they cash out.

Wait, I'm not finished! Don't forget about the bargains! Flip them to bargain hunters and make \$5,000, \$10,000 or more and never own the house. All of this with none of your own money or credit.

So I ask you, what's all this crap about how you can't get started or get moving because you don't have the money? I think I made it very clear, money is not your problem.

Since I don't know you, I don't know what's stopping you, but I'll tell you what stops a lot of folks...grit, or the lack of it! No guts. Afraid of their own shadow. Going through life avoiding confrontation or pain. Can't grow because they won't go. You wanna know who seems to do the best in this business? The people without money or credit, but lots of grit. And how do you get grit? It's simple. You first suffer adversity and get beat up and kicked around awhile. Then one day you wake up and realize they can't hurt you anymore and there's only one way to go...up.

When you quit worrying about losing, you can start thinking about winning. You see, people with grit have learned to quit playing not to lose and begin playing to win. Does this mean you don't have grit if you haven't been to the bottom? Of course not. Adversity is not a requirement for grit. It just seems those who are the bloodiest seem to be more fired up and move quicker, with more passion. They've seen the black hole and they

don't want to go back.

It's quite common for those who begin with money to leap before they look and spend money on stuff that doesn't produce revenue. Stuff like office furniture, computers, electronics and foolish advertising that wastes money. A smart entrepreneur will put their money in the bank and start their business on a shoestring. All the fancy stuff doesn't put a dime in the bank. In order to do that, you must make offers, and you should be making them without using your money or your credit.

Here's a simple plan to do your first junker deal from your home using no start up capital (eliminating the risk). When you get that first check you can use some of it to get the things you'd like to buy to help you grow the business. This plan applies to you whether you're dead broke and bankrupt or loaded with dough and can't wait to spend it.

1. Ride around and find 20 ugly, vacant houses. Copy down each address and get a photo. You'll find them in the lower priced areas. Here's a tip: you won't find junkers in gated communities!
2. Call the houses with FSBO signs and see if you can buy them at a wholesale price of 50 to 60% of the after repaired value or less. Be sure to let the seller name the price first. "He who speaks first have big foot in mouth." Call the Realtors on listed properties and get the facts. Make an offer if it makes sense. These will not be your best deals in today's market and they'll require bigger deposits, but can still be worthwhile. Track down the owners of the houses with no sign and call or visit them to make a deal. These will be the best deals, but require more work.
3. Persist with step two until you get a signed contract on an ugly house that excites you. This step is crucial and you must keep charging until it's done. If you're broke, it should take about a week. If you're loaded, it could take a year.
4. Have the title checked by ordering a title search from a title company. When you learn it's clear, move to step five. If it's not clear, go back to step one or two.
5. If it's clear, run an ad for three days in your paper that

says “Handyman Special, Cash, Cheap, 555-5555.” Put it in the investment property section.

6. Take the calls, tell them you’re asking price (which should be at least \$5,000 more than you’re paying) and send them to the property. Build a buyers list in the process.

7. Meet the first person who wants the house at your price and get a \$500 deposit and a signed agreement assuring they’re ready to close within two weeks.

8. Set up a closing date with the title company and let them do a simultaneous closing. Pick up a check and celebrate. You also may simply assign your contract and get paid directly from your buyer.

9. Do it again.

That’s it! Your first wholesale deal. Do you have questions? Of course. So what! Just go do it and use your best judgment. Will it go much smoother if you get trained first and are schooled on each step? Yes, it will. No question. But hey, you said you were broke and couldn’t afford training. So just go make a mess and blunder your way through until you get a check. Then get the training as soon as you get paid.

By the way, I’ve had people do deals from just reading my book, others from attending my one day workshop, and still others from listening to just one tape they borrowed from someone. These are my kind of people. People who just do it and don’t listen to dream stealers and broke morons. People who don’t let any S.O.B. tell them they can’t because they don’t have any money or credit. People with grit.

See Ya - The Guru

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When to Look A Gift Horse In the Mouth

by Ron LeGrand

Many investment courses and books on real estate (mine included) tell you to find a motivated seller. That's where you get your good deals. As a rule, that's true. The higher the level of motivation, the more likely you're going to get a good price or good terms or both. But generally, when you find a motivated seller offering a good deal, you should take a moment to look that gift horse in the mouth. Ask hard questions about why a seller is motivated. Here are some examples of good opportunities that shouldn't necessarily motivate you to buy.

Caveat Emptor Let The Buyer Beware

The seller advertises a fixer upper, but it isn't. Yes, it could use new paint . . . and new carpet would make it look tremendous, but that isn't the real problem. The reason they're trying so hard to sell this turkey is because the floor plan doesn't work. In fact, it's what we call functionally obsolete.

When you buy a house to live in, you pay a lot of attention to the floor plan. Unfortunately, many people looking for rental houses or small apartment units don't pay enough attention to the floor plan. Look through the property as if you were going to live in it. Would you be happy with having to go through the kitchen to get to the master bedroom? Or through a bedroom to get to the kitchen? How about a bathroom that is attached to your kitchen? A ceiling less than 7' high or a house that's literally sitting on the ground with no concrete slab blocks or piers underneath.

I have seen all these problems in houses and so has everyone else who has looked at more than a few properties. I saw a house recently with 33 rooms. About two-thirds of them were added on as more relatives joined the family, and none of the additions were constructed properly. Most were just sitting on the ground and the additions jutted out in all directions from the original building.

I felt like a rat in a maze just walking through the place. It was a unique experience. The sellers had refinanced and had maybe 15% equity. I can't picture anyone buying it, but maybe they'll get lucky and a family with a herd of kids will come along and want it. By the way, when I visited the property, there were nine families living there. I wouldn't even take a deed for free if I had to promise to make the payments.

Your tenants and buyers won't like these houses either, which will make it harder to rent or to sell. This is not a fixer upper; it is a major problem. Too many people get into fixer-uppers when they're not prepared, and over-doers do the wrong things. The point here is learn to tell the difference between a fixer upper which needs rehabilitation or modernizing versus a property with major problems that a rehab won't fix. On the other hand, a lack of knowledge concerning what appears to be major problems can cost you big, as well. For example, most investors will not take on houses with structural problems. Having the knowledge to do repairs, but not doing them, can be a costly mistake.

What are structural problems? Basement walls caving in, houses on piers that are sinking, Concrete slabs cracking and sinking. I could go on and on. All houses must have a foundation. These are most commonly constructed of either concrete or wood.

These are relatively cheap materials and the labor to replace them isn't nearly as costly as some of the horror stories you've heard. If you use the right people and do a little front end due diligence, you should be able to get a good deal. Actually, it's no different than any of the other repairs. You can hire one roofer out of the yellow pages and pay him \$2,000. Or you can call the guy on the next page and pay him \$5,000 for the same job. That's rehabbing, baby.

If you insist on being a sheep, you can count on getting sheared. If you've ever watched a guy jack up a sinking house sitting on piers, you'd understand how very little work it really is. It's usually easier than changing a tire on your car. If you don't understand this, you'll overpay and that guy will be laughing at you all the way to the bank. Baaaaaaah!

Nothing Down

Owner anxious, will accept nothing down. I love that. Even if I were willing to put cash down, this ad would catch my eye. These people have declared themselves as numero uno flexible sellers. Or have they? Again, you need to analyze the seller's motivation. Why are they offering such a good deal? Is it because they have to compensate for something that's drastically wrong with the property and can't be changed, like a bad location? Maybe the house is the one out of 500 hundred properties in the subdivision that backs up to the expressway on one side and the convenience store on the other.

The sellers had two options, either cut the price drastically or improve the terms. And the easiest way to sell is to offer it for nothing down. The seller knows that the less money you're able to put down the less particular you can be. And, if the only thing you think about is nothing down, you can be easy prey to someone who has a property that's poorly located or has a bad floor plan or needs major repairs.

Right Things Wrong

If you're going to look for good deals resulting from property problems, look for a property with all the right things wrong with it. My favorite problem is filth. I love filthy properties. You can't sell a filthy property for what it's worth until it's cleaned up and the discount is far more than it costs to clean it.

I love rotten wood, overgrown shrubbery, tall grass, broken glass, peeling paint, bad roofs, missing doors, broken toilets overflowing with waste, cockroaches, fleas, spider webs, dead animals in the house and the smell of cat urine. In fact, I want the house to smell so awful that most people won't go inside. I like it when you open the door, the odor takes your breath away and makes your eyes water. All these problems are easy and relatively cheap to fix.

These are the right things wrong. So are those foundation problems. If you can visualize the repaired house and calculate its value compared to your purchase price, that's the point where you begin to be able to purchase houses for 30-60 cents on the dollar. It's like that old saying about not being able to see the forest for the trees. Look past the obvious problems. Learn to recognize the opportunities.

When it's not the house that's wrong

One example of the kind of seller motivation you CAN live with would be a change in circumstances. A classic example is somebody who puts their house on the market knowing they are going to be transferred in 90 days. They find out several days later that the transfer will be in nine days. The company needs them at the new location early and the homeowner agrees to go if the company will absorb the difference between what they have to sell the house for and the recently appraised value.

By the time you run across them they're running around like a bird with its tail feathers on fire looking for a bucket of water. They want a buyer, and they want one fast. Not only is this seller motivated, they don't have to worry about how much is lost in the transaction, within reason.

I can think of lots of examples of changes of circumstances. These would include health, divorces, marriages, new babies, job opportunities or firings. But here I'm talking about a person who wants to sell the property to solve the personal problem. I am not talking about a person with a problem property that wants to pass the problem on to you.

The "I Quit Syndrome"

Some sellers finally give up. I've seen them lose hope, throw in the towel and throw the price out the window, all at the same time. Let's build an example.

The seller has the house on the market for \$120,000 when it's only worth \$105,000. They have a loan balance of \$95,000. There are literally hundreds of houses available in that price range so no one even bothers to make them an offer. With things selling left and right around them for a nine month period of time, and the listing expiring for the third time, they finally decide to do a for sale by owner at \$95,000. You come in and offer to take over their loan 'subject to' and they finally say I can't stand it any more, I quit, and it's yours. Now it would seem there is no way to make yourself available for a deal like this unless you try to be the last person to make an offer. There is a way you can be.

Persistence In All You Do

If you find a property you like but it has a price you don't like, go ahead and make your offer but also make several copies of it. Every two weeks send the seller a reminder (if he or she wants to come to their senses). Maybe a better approach, one that I have used, is to send the offer every two weeks and say—today I am going to re-offer what I offered before. Sign it within 24 hours and we have a deal, otherwise look elsewhere. If you contact them a couple times like this, you might be surprised, and one day they just might sign what you sent them.

In many cases people don't buy until they've been asked to buy several times. I suppose this is the same with sellers. If the seller is not getting exactly what they've asked for, they want to sit around for awhile and find out what other offers are going to be made. When the offers stop, their mood changes. If they are sitting around and feeling disheartened because nobody has given them a realistic offer, and you've been consistently interested, they might just call you.

All sellers' minds will change with time and circumstance.

Real estate investors have to wear two hats. They have to be optimist and chase down every potential property, especially those that look like a bargain. But they also have to wear the hat of the pessimist and learn to ask enough questions and listen closely enough to the answers, to find out why the sellers are motivated. Persistence pays and bargains are to be had. Just make sure you find a true bargain and not somebody else's problem. You don't want to make it yours.

Now let's talk about another gift horse you need to watch out for. I have seen a lot of houses lately in the upper price range (200K and up) with absolutely fictitious appraisals. A seller calls you with a deal and says their house appraised recently for \$450,000. They have a loan balance of \$360,000 and just need debt relief. You see \$90,000 in equity just waiting for you to come and get it, so you go get the deed or lease/option and agree to start making the \$2,800 payment.

After the dust settles and the excitement dies down, you start doing your due diligence and learn the value is really nowhere near that \$450,000. In fact, you can't find any evidence it's any higher than the loan balance. Then you discover the appraisal the seller showed you was

done by a lending institution for refinancing. You then see your \$90,000 blowing away in the breeze. Now all you need to do is find someone you can unload this turkey on; the first person who'll offer you more than the loan amount. Not a bad seminar, but a hard lesson nonetheless.

Always independently verify the value of a property yourself, especially on high-priced houses. Never accept an appraisal from the seller as reality. It's not that the seller was pulling a fast one. Usually they don't even know. The problem is there's such a glut of money available for funding loans the competition is fierce and lenders are really pushing hard to close loans.

I can't honestly say I know exactly where the weak link is, or why it's become so common. But I can tell you within the last 6 months, I've seen high price house deals cave in because the value was not there, yet a refinance appraisal said it was.

Keep pushing,

Ron

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Ron LeGrand had to borrow money to attend his first real estate seminar twenty years ago when he was bankrupt and running a gas station. Today, he is recognized as the nation's leading authority on buying and selling single-family homes for fast cash with no credit, little or no personal investment or risk. Ron uses his techniques to personally "Quick-Turn" over 1400 houses and continues to actively pursue real estate deals to this day.

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Flipping Is Illegal!

by Ron LeGrand

Oh No! All this time you've been telling me I could make a killing buying & selling (flipping) houses and now you're telling me it's illegal, Ron?

Well, sort of! But before you get all upset, I'd better explain. Don't worry; you're not going to jail. Here's the deal. Illegal flipping is indeed illegal. But first, let's define flipping because it is a misunderstood term, sort of like the term "nothing down." When I say you can buy houses with nothing down, I mean you're not using your own money. That doesn't mean the seller doesn't get money. Some-times they don't and sometimes they get cashed out. But, it is NOT your money; it's a "nothing down" deal.

When you take over a loan "subject to" the mortgage, and the seller doesn't want any money, it's a nothing down deal. When you pay all cash but borrow the money from a private lender, it's still considered a nothing down deal. Thousands of people don't believe in the nothing down philosophy and aren't doing real estate because they simply don't understand the term, and therefore they're convinced they can't buy houses without their own money. Their loss. A closed mind and an open mouth will keep you broke and working for those who are willing to learn.

Just try and tell my Boot Camp grads (especially those who have become millionaires because they refuse to listen to the morons) you can't buy houses without your own money. The same ignorance seems to be attaching itself to the term "flipping." Totally misunderstood and misrepresented.

Here's The Shocker.

Every house you buy and sell is a flipper. Whether you're in wholesale, retail, sell- on-lease-option or owner financing, you've just flipped a house. Most people use the term when applied to wholesaling, but it's all flipping. It's either a fast flip or a slow flip, but it's still a

flip no matter how you look at it.

Ok Ron, So How Come It's Illegal?

The Answer Is **It's Not**.

The term "flipping" seems to be used by the media in cases where an investor bought a property and sold it a short time later. However in all the cases I've read, fraud was a part of all their deals. These investors made a practice of illegal activities and got away with it long enough for the long arm of the law to catch up to them...then they instantly became a news item. Flipping houses is not illegal. Fraud is. So what kind of fraud did these guys get in trouble over?

Here's A Short List Of Possibilities.

1. Paying appraisers to grossly appraise properties to get bigger loans for themselves or their buyers.
2. Rigging down payments to put unqualified buyers in houses that shouldn't be approved for the loan in which they're applying for.
3. Falsifying documents required to get a buyer approved such as pay stubs, verification of equipment, tax returns, verification of deposit, etc.
4. Selling houses to unsophisticated buyers, representing them to be in good condition but covering up obvious problems to get the loan closed. This is the most abused type of fraud, and once discovered it leads to an investigation of all the investor's activities and usually uncovers all other kinds of fraud.
5. Back dating lease agreements to prove a track record of the tenant making payments on time and a year or more occupancy, when in reality the tenant just moved in. This is very common. I've had loan processors with large mortgage companies suggest I do it. The last time was on a \$600,000 house. I asked the loan agent if he knew that was lender fraud. His reply was, "my boss said it was o.k. We do it all the time."

Just remember this. Anytime the deal is different than the

contract presented to the lender, it's lender fraud. The loan is based on the stated facts. If you misrepresent those facts, it's fraud. Regardless of how many other people participate in the process.

O.K Back To Flipping.

What does lender fraud have to do with flipping and the stigma some of the media have placed on it? Some lenders have had so many loans default on lower priced properties sold by investors it's opened their eyes and made them cautious, and justifiably so, if I were a lender making loans at 80%-100% of the purchase price, I'd be cautious too. In fact, I'd be paranoid, but then again I'd be neither because I'd never even consider doing it.

I have no way of proving this, but if I had to guess, I'd say 75% of all loans closed to fund low income homebuyers contain some kind of false statement or fraud.

I know that's a bold statement, but I've been around a long time. Long enough to see numerous loan companies take a dive from bad loans. It's almost standard practice in the cheap house business to stretch the truth to get unqualified buyers qualified. This creates default and a bad name for those who operate within the law. That's exactly what has happened with the term "flipping." But, I'll say it again. Flipping is not illegal.

There's no law against agreeing to buy something at price A and then finding a buyer at a higher price. Suppose you had a stereo unit you agreed to sell me for \$500, and I told you I would pay you next month when I get my tax refund check (fat chance!). You agree to wait the 30 days it takes me to raise the money. We then sit down and write a letter stating that, and we both sign it.

A couple of days later, I'm talking to a friend who mentions he needs a good stereo. I decide to sell him the one I'm buying for \$1,000 and make myself a \$500 profit. Obviously I can't deliver his stereo until I give you \$500 because you probably won't turn it loose until you get paid. However that doesn't stop me from searching for a buyer.

Once the buyer agrees, I can collect all the money in advance and pay you, collect a \$500 deposit and pay you, or I can pay you first with my money and then collect

from him. There's no law that says I have to pay you and take possession before I can talk to anyone about the stereo. If they were on Ebay, they'd have a problem. Half the stuff sold on eBay isn't in the possession of the person doing the selling. They agree to buy at a lower price from another auction site and put it up on Ebay. When it's sold, they simply have the old owner ship it to the new buyer.

That's called drop shipping and it's very common in any industry that sells products. That's exactly what we do with real estate sometimes. You don't have to own it to shop for a buyer. You simply must control it, which is what you do with a contract. The problem comes when lenders see investors buying at deeply discounted prices and selling for two or three times the amount a few weeks later. Some just assume there must be fraud somewhere to make such an unconscionable profit. You see, they haven't attended my Wholesale/Retail boot camp.

If you're buying and rehabbing houses it would be a good idea to document the work you've done to the house. Keep a file on everything you've spent to make a case on how you raised the value so quickly. You should also furnish before and after photos. It is also not a bad idea to create your own album to keep while you're doing this. It will help with future credibility with everyone you deal with including bankers for a line of credit.

If you're using private money from a loan broker, you probably have an escrow account for repairs. That means an appraiser may be supplying the mortgage broker with a completion certificate once the work is done. Get a copy and add it to the pile of evidence. Of course some lenders won't be happy with anything you provide and simply won't fund the loan unless you've owned the property for a year or more. I wrote a past newsletter article on six ways to get around that, but the best way to deal with lenders who don't want your business is . . . Whack 'em!

Flipping is not illegal. The length of time you own a house is your business. Making a killing is your right. Providing for your family is your obligation and the smartest thing you can do with people or institutions who want to make life difficult is cut them off at the knees and tell them to take a hike . . . and that's my final

answer. They are the weakest link.

Before you even take a buyer to a lender for a loan, ask them right up front if your length of ownership is an issue. If they give you any indication that it's a problem, move on. The country is full of lenders and there is a ton of money available. They need you more than you need them. Don't take any crap from any lender and don't let them make you believe their rules are the law or even the norm.

Well, I'm getting tired now! It's been a long day of battling ignorance and skepticism and I'm worn out! I think I am going to go "flip" open the refrigerator and get a little snack, then "flip" on the shower, then "flip" down the bed spread and shut my eyes for the night. Life seems to be one flipper after another. Hope it's legal.

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Magic Words That Make Millions

by Ron LeGrand

I've just finished reading (for the second time) a book called *Magic Words That Bring You Riches*, authored by my good friend Ted Nicholas, a member of our Board of Directors. Ted has sold over 200 million dollars worth of information products worldwide by direct marketing. Over the years he put together a collection of Magic Words to get people to do things they ordinarily wouldn't do.

In *Magic Words*, Ted discusses how to do such things as get the best table in a restaurant and first class seats on airplanes. He talks about how to slash the cost of a room at first class hotels and attract all the money you need for any business venture. Want to approach a member of the opposite sex and immediately gain interest? How about renting a Mercedes for the price of a Ford or buying jewelry at below wholesale prices?

Ted can tell you how to attract the best employees to make your business prosper, as well as how to get capable people to work for free. He even discusses ways to gain financial interests in other people's companies without investing one red cent. Pretty cool stuff, huh? And that's just the first few chapters. This book is also a masterful direct marketing bible covering every aspect of the business by a consummate professional. Like I said, I read it twice.

Then it hit me! Like Ted, I've got a collection of magic words I've accumulated over the years. Most are designed to help me get into or out of a real estate deal. All of them work.

The words you are about to read have made me millions of dollars and, if used properly, could do the same for you. The truth is, students have been trying to get me to do this for years, but it was Ted Nicholas book that pulled the trigger. Incidentally, this one issue of the Mentor could easily justify your cost for the next ten years.

Okay, here goes. Here's a set of magic words you should

know by now and use daily:

"If I pay you all cash and close quickly, what's the least you would accept?"

and that's always followed by:

"Is that the best you can do?"

If you're not using these words to get to the bottom line quickly, you're making a mistake, not to mention wasting valuable time. These words cut to the chase and save you a lot of time otherwise spent beating around the bush. Of course, if you're naming the price you'll pay before you ask what the seller wants, I'll have to take you out behind the woodshed . . .

Ye who speak first have big mouth & will pay handsome price for house.

Those words aren't exactly magic, but they speak the truth nonetheless. Never, never name the price you'll pay or the down payment or monthly payment you'll pay or accept when selling.

Okay, lets say you've asked 'Is that the best you can do,' and the seller says yes. A good follow-up line that works for me is . . .

"So you're saying if I don't give you \$____, you won't sell the house?"

Now if the answer is still yes, you won't be buying today unless you're willing to change the focus to a terms deal rather than a price deal.

A good icebreaker to use when you want to make it clear that you're not happy with the number you've been quoted is . . .

'What's your second choice?'

I usually chuckle or use a hint of humor when I ask this. It's better than simply saying I won't pay the asking price.

Let's say you're trying to get a seller to name the asking price and they won't. You know better than to pressure

them, but you just can't get them to break. Try this . . .

"How about a dollar?"

This will get through to them and probably produce an answer. If so, you're back in the screening process and you know where you stand. If not, you can come back with . . .

"I simply have too many prospects to work with to waste time on those I can't buy. If you'll tell me what you're asking, I'll know quickly if we can do business. Is that fair?"

By this time, they're usually in or out. You can't buy houses from uncooperative sellers. By the way, did you notice some powerful magic words hidden in there? Take note of how I tend to answer a question with a question. 'Is that fair?' turned my response into a question and put the responsibility to answer back on the seller. It also softened the blow and made me seem more warm and fuzzy. 'Is that fair?' is a powerful set of magic words that should become a part of your everyday vocabulary with almost everything you negotiate.

Let's say you're pre-screening a seller who has a house with a mortgage balance. First, you want to know what's owed on the property or you can't possibly determine whether it's a deal or not. These aren't magic words, but are critical ones:

"What do you owe on the house?"

What if they say it's none of your business? You say . . .

"I buy ___ houses per year and use many different methods. I'm probably the most serious buyer you've talked to yet. However, I'll need the facts to be able to present you with an intelligent offer. Will this be a problem for you?"

Again, a question in an answers clothing. Did I not sock it to them on that one?

Frankly, anyone who won't give you the facts is not ready to sell yet. You got your answer . . . move on. You can't make un-motivated sellers motivated.

Now you have your answer. You know the loan balance.

Now it's time to find out where you're headed with this deal, so ask . . .

"Will you sell the house for what you owe on it?"

Those magic words can make you \$500,000 per year if you ask them on all your deals. With just those twelve little words, you'll instantly know whether you'll be getting a free house by taking over the debt or an almost-free house with debt plus a little cash thrown in. Of course, you may also learn that the seller wants full price and is not flexible. Again, you found out what you needed to know with twelve words. Now you know whether to proceed with the deal or move on.

Now let's say you can't get a deed because of the due on sale clause or the seller won't trust you with their credit. But you see opportunity there and a lease /option makes sense. Here's the opening line to present the offer . . .

"I will lease your house with the right to buy it for the loan balance when I purchase. I'll guarantee your payment and maintenance until the loan is paid off and the house is out of your life. How does that sound?"

Notice how all the benefits come before the question. The seller has enough information to encourage a positive response. Isn't that better than will you lease/option your home to me?? Another good question that will ease the seller's mind and make you seem genuine is . . .

"If it doesn't work for both of us, then we don't want to do it, do we?"

That makes it pretty clear that you're not desperate to make the deal. Another version is . . .

"If this will cause you to lose sleep at night, I'd rather not do it. Is it going to be a problem?"

Here's a good one to break a stalemate and get you back in negotiation as well as collect more facts that might lead to different offers . . .

"If you and I can't do business today, what will you do with the house?"

This also gets the seller thinking, particularly about all the ugly answers to that question. Their answer may be, 'I'll put it on the market or list with a Realtor until it sells.' Your response . . .

"And what if it doesn't sell?"

At least you'll get a feel for whether this seller is worthy of your follow-up list. I hope you know by now that . . .

"All seller's minds will change with time and circumstance"

Here's one you'll love if you're a beginner and worried about the seller finding out that you don't exactly know what you're doing. First, don't sweat it. You don't have to appear to be an expert. You can try to fake it, but if you're confronting an intelligent seller, many times they'll see through you and try to ask you embarrassing questions. So if you're asked if you've ever done this before, use these words . . .

"Well actually, no. This is my first deal after graduating from some rather intense training. I was hoping you'd help me do it right, OK?"

Asking for help brings you down to the seller's skill level and you've built trust by answering truthfully. Don't worry about the seller expecting you to be an expert. If you seem sincere and excited, you'll usually get the deal. In fact, being too smart or seeming too confident will often turn off more people than if you appear to be a novice. They'll think you're too green to cheat them.

Now let's say you're talking to a seller about carrying a mortgage and the subject of interest comes up. Your goal is zero interest, so you shouldn't be the one to initiate conversation on this topic. If the seller doesn't mention interest, you shouldn't, either.

When presenting an installment offer, the magic words are . . .

"I'll pay \$_____ per month until you're paid in full."

Of course, this means you've divided the loan amount by the monthly principal payment you want to pay, excluding interest. If the seller comes back with "what

interest rate is that?" Your response is . . .

"Why do you need interest?"

Then if you get more argument and it becomes a sticking issue, you could respond by saying . . .

"What's more important, your interest or getting the house sold now?"

If that doesn't get the job done, say . . .

"If I give you interest, how much can we lower the price?"

Or . . .

"Will you sell to me with no down payment?"

Or . . .

"Would you wait six months(or a year) for your first payment?"

Or . . .

"Would you take 25% off the balance I owe you if I agree to pay you off within _____ years?"

Of course, these same tactics can be used if the seller is asking you to raise your offer. You'll notice it all comes down to some very powerful magic words that can be adapted to many uses (If I . . . , Would you . . .). How about when you're raising private money and approaching potential lenders? Here's my icebreaker that hasn't changed one whit in 16 years . . .

"Do you have an IRA or any other investment capital that's not getting you a 15% return safely?"

These magic words will get you all the money you need assuming you ask at least some people who have money to invest.

Now let's look at the selling side and discuss a few choice words I use to find good buyers. When wholesaling, I want to know my buyer will come to closing with the money and isn't simply trying to jerk

my chain. In this case, the magic words are . . .

"When do you want to close?"

If they need more than ten days, they're a time waster and I'm at risk. If they say "ASAP", I know they're serious.

There are so many magic words to use when pre-screening buyers, it's easier to simply use the whole script because these words are all magic. I can't tell you how many hundreds, maybe thousands of buyers (idiots) I talked to before I developed the words and the order in which I use them. Here we go . .

"Do you want to buy or rent?"

If the answer is rent and you want to sell, the rest is worthless conversation. But before giving up, use one more line . . .

"If I can show you how to buy and get you financed, would you rather own than rent?"

If yes, continue. If no, save your breath. Next . . .

"Have you ever tried to buy before?"

"Yes."

"What stopped you?"

This lets you know immediately what you're dealing with.

"Is your credit good, fair or poor?"

Don't ask how's your credit.' Some people are ashamed to tell you it's ugly and will simply lie. Give them a multiple-choice question so they know you won't be shocked if they have poor credit. If it's bad . . .

"What's on it a bank wouldn't like?"

This breaks the ice and gets the customer to open up.

Now the big question . . .

"How much money can you raise for a down

payment?"

Whatever the answer . . .

"Can you get any more?"

"Can you borrow from relatives?"

"Do you have credit cards?"

"Do you have something you could sell or trade to me?"

"Can you repair houses or have other skills to earn more?"

"Are you willing to rob a bank to raise cash?"

Oops! Got a little carried away on that last question. It might not be appropriate.

Now let's assume you see someone you can work with and you want them to get excited and realize that you are their solution to home ownership. Here are the words that will glue them to you . . .

"If you can convince me you want the house and make a commitment to buy, I'll get you financed one way or another. Even if I have to be the bank. If I can't get you in a home of your own, no one in this city can."

These words have sold a lot of real estate for me. They really make an impact on your buyer's level of hope. Follow them up with assurance that you are easy to work with and very flexible and the prospect will be putty in your hands.

"We can do whatever you and I agree. I own the house and I'll do what it takes if you will. Is that fair?"

Well that ought to be enough magic to keep you practicing awhile. Of course, these words aren't really magical until you begin to actually use them and make them work.

***Ron LeGrand** had to borrow money to attend his first real estate seminar twenty years ago when he was*

bankrupt and running a gas station. Today, he is recognized as the nation's leading authority on buying and selling single-family homes for fast cash with no credit, little or no personal investment or risk. Ron uses his techniques to personally "Quick-Turn" over 1400 houses and continues to actively pursue real estate deals to this day.

Author, trainer, lecturer, consultant and entrepreneur extraordinaire, Ron has earned a reputation as the best in his field. His workshops are routinely standing-room-only and his Boot Camps continue to grow in popularity. Ron's secret is simple: his programs work -- as evidenced by the thousands of successful real estate entrepreneurs all across North America who call him by the affectionate title, "The Guru". Stay updated Ron's FREE online newsletter at <http://www.ronlegrand.com>