

How to **Overcome** the Top 5 Traps in Short Sales Investing

And Make **More Cash** Next Month than the
Average Wage Slave Will in 3 Years!

**How to Overcome the Top 5 Traps in
Short Sales Investing, and
Make More Cash Next Month Alone than the
Average Wage Slave Will in 3 Years!**

**by Nathan Jurewicz
&
Chris McLaughlin**

For more information, go to <http://www.shortsalesriches.com/welcome.html>

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How to Overcome the Top 5 Traps in Short Sales Investing, and Make More Cash Next Month Alone than the Average Wage Slave Will in 3 Years!

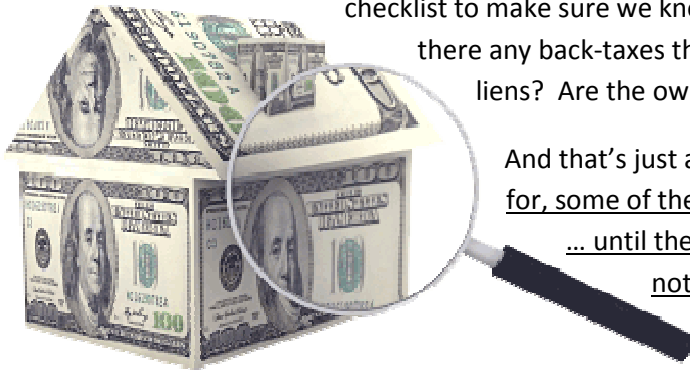
by Chris McLaughlin, MBA, J.D., Real Estate Broker,
& Nathan Jurewicz, Short Sales Investor & Entrepreneur

Here are 7 of the top things that shoot down rookies in this business ... and even some seasoned investors ... master these, and you'll be a pro.

But before we get into this, I want to give you an idea of how our system works, so you know how we've been making our money.

We get the ball rolling by using our proprietary method to find houses ... houses that fit our criteria for what we need to make a profit, yet have little risk. We're able to do this ourselves with our own personal computer and an internet connection.

Once we've found a property that makes the first cut, and there's always plenty of those, we have a checklist to make sure we know everything we can about the property. Are there any back-taxes that could hurt us? How about judgments or liens? Are the owners in Chapter 7 or 13?



And that's just a glimpse. We have over 25 things we check for, some of them things that others never even dream about ... until they get stung at closing, and walk away with nothing to show for their work.


Let's say we've found a great property, it's passed our screening process, and the owners look like they can be worked with. So then, we have a person trained to approach the buyer on our behalf to present the option contract. And the way we train them to present, we get a high percentage of people accepting our offers.

And if not, we simply move on to the next. We know exactly how much we need to get to make it worth our while, and there's enough low hanging fruit out there without having to spend too much time on any one property.

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Actual Case Study ... 751 Pruitt Drive

	Total Original Payoff on 1 st Mortgage:	\$315,000.00
	Total Original Payoff on 2 nd Mortgage:	\$80,000.00
	Discounted Payoff for 1 st Mortgage:	\$158,217.56
	Discounted Payoff for 2 nd Mortgage:	\$3,000.00
	Resale Price:	\$206,000
Net Profit:		\$31,702.01

Now, the way the option contract works is that we gain control of the property and get the right to sell it, but we don't have to take ownership unless and until we want to. So the risk is very low ... almost non-existent. Meanwhile, we get it exposed on the market to other investors, or even home shoppers.

I usually keep close to 100 of these in the pipeline at any given time, again, controlling them, but not owning them. It's like all we have to do is carry the paperwork between the homeowner, the bank, and the new buyer ... and get paid handsomely.

But why nobody else makes it so easy to make money is because they don't have the following:

- ✓ A proprietary way of finding and screening properties
- ✓ **A way to approach owners that gets them wanting to work with you**

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- ✓ A method of training an agent to approach owners on your behalf, and approaching them with the right pitch, so you are free to find more properties to put in your pipeline. You *never* have to talk to or negotiate with a homeowner. And your agent is happy to work with you because they know they are going to make many sales and commissions with you. Win-win.
- ✓ **A special option contract that gives you all the power to control the deal, yet little or no responsibility, and even less obligation**

And if that's not enough, we have proven methods of preparing a package that a banker will willingly accept. Once they see this coming, they almost surrender to your deal. We show you how to deal with:

- ✓ Second mortgages
- ✓ **Seller bankruptcy**
- ✓ Preparing a killer package with "every i dotted, and every t crossed," so the bank KNOWS they are dealing with a pro.
- ✓ **Training an agent to specifically deal with seller, buyer and bank negotiations, so you never have to get involved ... again, your job is screening properties and keeping your pipeline full.**
- ✓ By the way ... training your team is really quite easy when you have the right scripts and the right material for them to read. Even the training part is 90% done for you. Our entire system gets handed to you on a silver platter.



There's a lot more we have for you, too. And it's actually simple to get, with the way we show you. Check out our comprehensive manual that gets real specific with the tactics at <http://www.shortsalesriches.com/welcome.html>

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Beginner's Tip:

A **Loss Mitigator** is the person at the bank whose job is to “mitigate,” or minimize the bank’s losses. Their goal is, then, to get the most for the property they can to help satisfy what’s owed on it. This is who you’re going to be dealing with, and our secrets in how to do that is where you make a lot of your money.

What I really wanted to do was to warn you about the top 7 reasons people bomb in short sales real estate investing ... and the irony of it, is that **these mistakes are so avoidable**. Let’s start with...

Trap #1: Incomplete or Outdated Information

Think about it ... this market is changing every day. The Feds are constantly changing the rules, different banks are going under, and loss mitigators (the people who handle short sales at the banks) are swamped.

There’s ways to deal with all these issues as they arise, yet the gurus haven’t changed their information in months. You can’t trust someone who doesn’t have a commitment to update their material every month, or even on the spot, if there’s a need.

That’s why we have a guarantee to keep everyone updated on latest and greatest changes in the market, for two big reasons:

1. **You can lose a lot of money if you are using material that was just made obsolete** at the whim of some government official or some other event. We are on top of these, and will not only warn you if they are coming, but give you a fix for it, too. (When one door closes, we show you where another one was blasted open!)
2. **You can make a lot of money whenever a new wrinkle appears in the market**. Since you’ll be on our update list, we’ll give you an early profit warning, so you can jump on it before anyone else has a clue

This service alone is worth far more than the ridiculously low price of the course. See for yourself right here:

<http://www.shortcutsalesriches.com/welcome.html>

I’ve Got to Get this Off My Chest or I’m Gonna Explode!

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I'm sick and tired of gurus teaching tactics or strategies that they don't actually practice in today's market. Don't get me wrong ... there are a couple of good teachers out there that are very knowledgeable and really do real estate deals.

But I am finding that the majority of them haven't done a deal themselves in over a year! They have discovered, much to their embarrassment, that the strategies that worked one or two years ago don't work today ... but these "gurus" are not willing to change their business model when the market changes. They might be too busy in their cushy little setup, counting their money from selling eBooks and tapes instead of living in the real world.

Let me tell you ... I'm in the trenches, having my team work deals every day. But even so, I'll bet my business is far more comfortable than theirs, and easier, too, with my automated system. There's no better way to make a living than having everything on autopilot.

Find out how I do it at <http://www.shortcutsalesriches.com/welcome.html>

<i>Actual Case Study ... 5900 Desert Peace Ave</i>	
	Total Original Payoff on Mortgage: \$265,000.00
	Discounted Payoff on Mortgage: \$131,096.31
	Resale Price: \$170,000
	Net Profit: \$25,250.18

For more information, go to <http://www.shortcutsalesriches.com/welcome.html>

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Trap #2: Not setting up your Short Sales business right. (Part One)

Short Sales Investors get burned-out from doing too much work because they don't know the secrets of putting their business on automatic with a team that does the work for them. They also don't know how to outsource, or have dirt cheap systems in place that triple their investing output ... and at the same time, reduce their actual workload to a fraction of what the normal investor has to do.

Nope. What these other short sales investors end up doing is to go back to their 9-5 or (worse!) become a "short sale guru" selling you books and DVD's that teach strategies that didn't work for him, and won't work for you.

This is the HUGE elephant in the room that no one likes to talk about when attending seminars and meeting gurus face to face. So...

Here's How We're Different

We blow away other Short Sales gurus, in four ways:

- 1. The amount of cash you generate per month is much larger, because we show you how to work it as a business. And we show you our tried and tested business system.**
2. Because once you get your business set up, you barely lift a finger. It's like you threw the switch to "auto," and a money machine starts pumping cash into your bank account.
- 3. In our approach to the market, everyone wins. From the homeowner, to the broker, to the bank. (We can't really help it, though, if you just happen to win the biggest.)**
4. You don't live in constant stress of trying to do everything yourself. **We show you the most profitable areas of this business to put your efforts into, and how to farm-out the rest.** In other words, if you could make 5 times the money doing job X instead of job Y, wouldn't it make sense to outsource job Y to someone else, while you make 5 times that much doing X?

We show you worry-free, easy ways to outsource. If it works for huge corporations, it will work for you, too, just on a smaller scale.

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But make no mistake about it, even though we make tons of money actually **doing** what we teach, we still teach it for many good reasons:

- ✓ We are not worried about creating competition. Believe me, there're more than enough of these deals to go around for everyone, three times over. Although real estate education is a very lucrative business it's not what drives us. Read on....
- ✓ **I'm tired of Realtors thinking that just because an investor is trying to make a buck and they are "flipping" properties that they are doing something illegal or unethical. They need this education just as much – or more – than us honest, hard-working investors.**
- ✓ But it works both ways. I'm not happy with Investors thinking that a realtor's main job is kill every deal and not wanting to work with them ... because they are afraid they won't like the fact that we are making money.

Not only is this laughable on the face of it, it's just not true with our system. Once we show them what we're doing, they can't wait to work with us, because they make a killing, too.



- ✓ In reality, Investors need realtors just as bad as realtors need investors. We depend on each other, especially now with the way banks are doing things.
- ✓ **I'm ready to get sick all over the next guru who shows you how they made 150k on 1 deal!. When I pull in six figures in a month, you can bet it's on 5 different houses. But with my team in place, I didn't even have to leave my pad if I didn't want to.**

Sure, those 150k plus deals are out there, and once in a blue moon, you'll find them. But it isn't the norm, and you'll leave too much money on the table chasing after only 1 deal that big. Five different 30k deals is a lot easier and is both doable and repeatable then a single 150k deal.

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If you work your tail off to get the 150K one-house pie-in-the-sky dream, you'll pass up a lot of great deals that you could have done with ease ... and at the end of the month, came up with more cash.

Don't get suckered!!

Get the whole story in black and white right here: <http://www.shortcutsalesriches.com/welcome.html>

Actual Case Study ... 1215 East 26th Street



Total Original Payoff on Mortgage:	\$195,000
Discounted Payoff on Mortgage:	\$44,820
Resale Price:	\$69,000

Net Profit: \$18,352.56

For more information, go to <http://www.shortcutsalesriches.com/welcome.html>

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Trap #3: Not setting up your Short Sales business right. (Part Two)

This is so important that I had to break it into two parts.

Here's where this comes full circle. Remember in Reason #2 we said that short sales investors get burned out? Recall how we said it's because they try to do everything themselves? They were never shown how to...

- ✓ Leverage their time
- ✓ The secrets of outsourcing on the cheap
- ✓ Cooperation and team building
- ✓ And the unique little twist on how to make it generate huge profits for you.

Few people really understand how to get others to work for them, without little or no charge. They don't know how to train their people effectively to do all the heavy lifting for them ... gladly, at that! They don't know when and how to outsource. And even if they did know all of the above, 99% of them don't know how to do the #1 thing you must do to run a successful business: delegate.

That means we teach you the secrets of how successful businesses leverage their work load with people eager to do their bidding. With just this one part of the program, you'll be getting a little-known skill that will serve you for life!

I have a Short Sales Real Estate Investing business that runs itself. I very rarely ever have to talk to a seller, talk to a buyer, talk to a bank or even look at a house. I only have 1 employee and very low overhead.

And the last thing I care about is competition, because my pipeline stays as full as I want. There are far more people in foreclosure (or on their way) than there are investors/realtors who actually know what they are doing. Most of my local competitors in my market are very close friends of mine. I don't think I have ever fought over the same deal from a friendly competitor.

What I *have* seen happen is a local short sale guy working on 50 deals and making good money, but quickly fizzle out because he gets overwhelmed. This usually happens because he is working "in his business" rather than "on his business".

Very few people know the difference.

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This course teaches you how to find, setup, motivate, and pay all the key players involved in a successful short sale business so you can spend time doing whatever it is you want to do:


- ✓ Time with loved ones
- ✓ Expensive vacations
- ✓ New cars
- ✓ Putting you kids through college
- ✓ Helping others in need

I hope it's reasons like these that you're reading this special report to begin with.

So check this out at <http://www.shortsalesriches.com/welcome.html>

Okay, while all of this is important, I want to start getting into some real nuts and bolts here. So let's get into...

Actual Case Study ... 4212 Nassau Street

	<table style="width: 100%;"><tr><td style="padding-bottom: 10px;">Total Original Payoff on Mortgage:</td><td style="text-align: right; padding-bottom: 10px;">\$190,000</td></tr><tr><td style="padding-bottom: 10px;">Discounted Payoff on Mortgage:</td><td style="text-align: right; padding-bottom: 10px;">\$54,400</td></tr><tr><td style="padding-bottom: 10px;">Resale Price:</td><td style="text-align: right; padding-bottom: 10px;">\$80,000</td></tr></table>	Total Original Payoff on Mortgage:	\$190,000	Discounted Payoff on Mortgage:	\$54,400	Resale Price:	\$80,000
Total Original Payoff on Mortgage:	\$190,000						
Discounted Payoff on Mortgage:	\$54,400						
Resale Price:	\$80,000						
<table style="width: 100%;"><tr><td style="padding-right: 20px;">Net Profit:</td><td style="color: red; font-weight: bold; font-size: 1.2em;">\$17,230.50</td></tr></table>		Net Profit:	\$17,230.50				
Net Profit:	\$17,230.50						

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Trap #4: Investor (or realtor) used the wrong exit strategy....

Exit Strategies: Wholesale or Retail? Choose wisely.

One of the biggest mistakes I see investors make is selling a house that needs no work and trying to get a short sale low enough to wholesale it ... these guys are a little out of touch with the "Realtor retail world".

At the same time, I see realtors trying to show some of my lower-income listings, trying to put an offer in a house that needs 20-30k in repairs, thinking that their FHA retail buyer is going to somehow get financing with no problems.

Here is how I determine retail or wholesale....

If the house is in an area saturated with mostly renters, or if the house needs a TON of work, and is not even livable, you want to wholesale it.



1. MLS is not necessarily always going to sell this type of a house even if it's priced right.
2. Realtors don't like to work their tail off for a 3% commission of 50,000.
3. You're better off leaving it on the MLS, but when you get an approval from the bank for the short sale, call a few wholesalers in your area and tell them what your net price is.
4. The wholesaler will then mark the property up 2-10k typically and sell it to an end investor who either plans on renting it out or fixing it up and flipping it retail.
5. You pay the wholesaler his 2-10k "assignment fee" at close.
6. If you have been in the game awhile you should already have every wholesaler's cell phone number on speed dial. If not go to your local REIA (real estate investors associations) meetings and meet them, most of them go to those meetings on a regular basis.
7. Another good way of finding more wholesalers is to call every single one of the "I BUY HOUSES" ads in the paper or bandit signs on the street and ask them how big the investor list is and if they would be interested in helping you move your properties.
8. Just in case you haven't figured it out by now everyone that says "they buy houses cash!" doesn't really buy houses. They are trying to put houses under contract at

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wholesale prices and assign the contract for an assignment fee. I would say probably 1-10 of these guys have actually closed on a house in their name within the last 6 months. Don't be fooled if they tell you they will buy your house but want to give a \$100 deposit and write it up on an assignable contract with a 10 day inspection period. If they can't assign the contract they will typically come back to you and just say "My partner looked at it and it didn't pass inspection". *Explain to these wholesalers that you have no problem with them selling your properties for you and making money but they need to bring the end buyer to you before you sign anything.* That'll screen out the time wasters.

If a house is in an area with mostly owner occupants and needs little or no work, you want to retail it. The banks are typically only taking 80-90% as a short sale payoff of what it will sell for anyway. Investors want to buy for 40-60% of the value so its almost impossible to sell a nice livable house to an investor and make any real money.

Right now, most of us are in a significantly declining market, and will be for the foreseeable future. So when I say "retail" I mean, it's great to be one of the most competitive listings in the immediate area, but not necessarily for "50 cents on the dollar".

For example, if the comps for all the surrounding area range between 150-200k and the lowest active listing are in the 150k's. Plan on selling the property for anywhere between the high 140k's to the low 160k's, depending on the condition of the house and amount of competition in the area (this is not an exact science but it can be taught).

Here's an extra tip that can save you days of wasted time and trouble, and keep you in control of the deal:

Let's say you're ahead of the curve on marketing a property **before** you have a short sale approval. It's a little risky, in terms of time you could lose, but it's not like this strategy can cost you much in the way of dollars. Often times, it can often pay off real nice.

So if you're going to flip one quick like this, tell the buyer (or in most cases, the buyers agent) that because this is a short sale, if they want to make an offer on this property, they have to give a \$2000 deposit and wait 30, 60, 90 or 120 days (depending on how far along you are in the process) for the short sale to get approved ... and they understand that the answer could still be "no," even after they wait this long.

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Now obviously, if the agent or buyers won't give a deposit, they have no effective contract, because there is no consideration (meaning "money") given for the house. But people generally want what they can't have, or what's hard to get. Even if it is a buyer's market.



Why? Too many people live in a "scarcity" mindset. That's just basic sales psychology.

Just remember, **you** have the power here. If you are marketing a property before you have the short sale approved, you don't even necessarily need to sell it at that time. Our strategy is to keep the pipeline so full that you don't have to bend over and take it from *anyone* on any one deal if you don't want to.

With our method, there's a million fish in the ocean, and we show you how to cast a wide net.

If people you work with won't obey your every command, don't waste your time with them. They are NOT going to be on your team unless they prove they can follow directions. Your directions.


For instance, some realtors insist on having the deposit held in their escrow account rather than your title company. These are typically that same Realtors who will be a total pain in your backside, and end up doing things like withdrawing the contract too early, weaseling out of the contract with their inspection or financing contingency.

Let's get back to the case where I am selling a house to an end buyer before I get verbal or written approval from the bank ... I will actually put a clause in the contract that says "Buyer understands that if they withdraw the contract for any reason during the 90 day waiting period

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forfeits the \$2000 deposit to the seller". This may scare some buyers away, but in the long run, you are better off leaving listings active for buyers that are going to be more patient.

<i>Actual Case Study ... 1215 East 26th Street</i>	
	Total Original Payoff on Mortgage: \$190,000
	Discounted Payoff on Mortgage: \$54,400
	Resale Price: \$80,000
Net Profit: <i>\$17,230.50</i>	

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Trap #5: Investor (or realtor) didn't structure their preliminary HUD-1 properly to maximize the discount....

Beginner's Tip:

A **HUD-1** is the "closing statement," or "settlement statement" that everyone gets at closing time to show who owes what money to who. It shows the buyer's deposit, the seller's proceeds, mortgage fees, etc.

In a short sale, the loss mitigator at the bank will want to see a realistic "preliminary" HUD-1 drawn up before they even consider approving your discount request.

Believe it or not, you can squeeze an *extra 2-7k discount or more* on almost every short sale discount just by knowing a few secrets to putting your HUD together a certain way (the bank always request a preliminary HUD-1, so when you submit an offer, they know what they are going to net).

This normally only applies to conventional loans (since FHA is 82% of the BPO – Broker's Price Opinion, VA 88% and Fannie/Freddie 92%) however it doesn't hurt to ask for a bigger discount by the way you itemize all of your fees.

Beginner's Tip:

A **BPO** is what's known as a "Broker's Price Opinion." It's not the same thing as an appraisal, but it along the idea of one. It acts like a "first glance" look at a house that the lender can rely on for an estimated value of the property.

But it is not, nor does it take the place of, a formal appraisal.

When I analyze a deal and figure out what it is I am going to offer, I offer 65% of whatever I think the property will sell for within 30-60 days of marketing (notice I didn't say 65% of what it "appraised" for; there is a difference) the property as the purchase price ... and then I back out a ton of fees.

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Example: House is estimated to sell for around 150k in today's market in its as-is condition I would offer... (Follow along on the sample HUD-1 that you signed up for free when you signed up for this special report. You DID sign up for the free sample HUD-1, right?):

\$100,000 purchase price (line 101)

-\$6000 line 703 realtor commission/negotiation fee (this is 6% of purchase price)

-\$6000 line 213 & 513 seller concession credit to buyer (which is you the investor)

-\$1000 line 1111 short sale processing fee

And then I would prorate the taxes and put all the title fees **on the seller's side** (whatever is left over goes in line 504 payoff to 1st mortgage). **Banks normally like to see that the purchase price is as high as possible even if it means that the net is much lower.** It is easier for a loss mitigator at a bank to get an offer of 90k with \$10,000 in fees with a net of 80k approved than it is to just get an offer of 80k net approved with NO fees!

You have to understand the bank's **criteria**. And by criteria, you have to understand what they are thinking, and what's important to THEM. Believe me, they are not going to come out and tell you, either, you have to learn to ask the right questions. My students have a checklist for this that does a great job of finding out what the loss mitigator wants ... and then they know how to give it to them in ways that let them keep control of the deal.

Always ask for the maximum amount of fees, and normally, the bank will probably tell you to reduce the commission down to 5%, and eliminate the short sale processing fee completely. The concession I normally see the bank pay, although they sometimes want it reduced down to only 3%.

This is going to sound silly, but it shows the psychology of some of these lenders you are going to deal with. Remember, you have to discover their criteria (there are about 7 different ones that they teach these mitigators, and my students know how to figure out each one), and how to fulfill it in a way that works out for you. Put yourself in their shoes, not so you can give away your money, but so you can understand what they want.

Then give it to them in a way that benefits **you**.

My students get actual precise ways to probe to find out which ones work for each bank ... what to say, how to say it, what they want to hear, and how to get agreement from the most stubborn and stingy ones.

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Here's just one example ... I recently closed a deal where I discovered at the outset that the loss mitigator's criteria for approval was a minimum purchase price of 150k, and the selling commission had to be reduced from 6% down to 4%. Now, I already had a buyer lined up at 170k. I told the bank, "Sure, I'll give you your 150k ... but if I'm going to pay that much for the property, I have to have a 6% concession." And they agreed!



This little trick netted me an **extra** 9k in my pocket (I made over 30k on the deal). See? I discovered upfront that their **criteria** was 150k for the purchase price. Instead of arguing with them, I just shifted the costs around to different categories. (Most investors either lose if they argue with the mitigator, or delay the deal so long they could have flipped 2 or 3 others in the meantime). It would have been much more difficult to get the bank to take 141k as purchase price with no concession (which makes no sense, but I think it's easier for the loss mitigator to get this approved **because the purchase price is closer to the BPO value**).

On the other hand, you can also reduce your fees if the bank is not countering at purchase price, and just cutting to the chase and letting you know what they want to net. If a bank says that my purchase price offer of 50k, minus fees of 5k, is too low, and they tell me that I need to raise it to 80-90k, then I tell the bank that the Realtor has agreed to reduce his commission from 6% down to 2%. This is because he already knows if you don't take this 50k offer there is no way he will be able to sell the property for more than this in any case, and he just wants to help the homeowner. You really have to feel out the loss mitigator you are talking to, and see which route is the best one to take.

Also, keep in mind that if you are not purchasing the property, the concession doesn't help you at all because that fee is passed directly to the buyer. So for a transaction not involving a middle man investor, it is best to tell the buyer that they can't add concession; that way you will be more likely to add as many commission/negotiation fees for yourself.

Here's an unannounced bonus tip that can make you tens of thousands of dollars: When there are 2 lenders involved (meaning both a primary mortgage and a secondary mortgage) rookie investors will usually back off and not take it. Some of the more seasoned investors will spend weeks on a property like this ... and fail! Here's how I've handled this, and made tons of cash doing so...

See, quite often, realtors and investors get frustrated when the first says the second can receive absolutely no more than 1000 dollars and the second wants 5k. You have exhausted all

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avenues of getting it through their thick skulls that you can't make this happen. This is easily fixed by putting the 1k in line 505 (payoff to second mortgage) and then the other 4k in line 1303 (just call it "proceeds to the name of the second position lender") on the buyers side of the closing cost. The first mortgage company will usually either look at it differently because they feel that the 4k is not coming out of their proceeds, or just plain not even notice at all.

Because everything is disclosed in the HUD, you're covered legally. This, of course, will only work if the buyer understands what is going on and is willing to come to close with the additional proceeds; because they will not be able to include this 4k in any of their financing (most FHA buyers won't do this). This usually is not a big deal if there is an investor in the middle who is flipping the property anyway (as long as there is enough money in the deal to justify the additional).

I am going to give you an example of what a HUD-1 would look like in a situation like the one mentioned above, assuming the lender agreed to pay ALL of the fees I normally ask for (obviously, depending on the State you are in, the transfer tax varies, and the fees your title company charges fluctuate, so don't copy this HUD exactly on your deal). Keep in mind that if you only ask for 5% or 6% in fees initially on your first preliminary HUD-1, the lender will normally knock it down to 3% or 4%, but if you ask for 13% in fees (6% commission, 1% negotiation fee and a 6% concession) the lender will normally knock it down to around 8%. This is the REAL world I am talking about. My point is, ASK AND YOU SHALL RECEIVE- I mean, wring an extra 0% to 5% out of the deal for yourself.

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Now ... are you ready for an unannounced bonus?

I managed to sneak in a couple of extra sections, because this information is so hot, it's wrong to sit on it. So take the phone off the hook, put your feet up, and let's dig a little deeper into how investors get tripped up by not knowing about the pitfalls that are easily avoided in this market.



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Trap #6: Investor doesn't want to work with realtors because he wants to keep all the profit (and do ALL the work himself)...

Ok, first of all, we already know doing all the work by yourself is not smart ... or profitable. Now on to the other part...

I know you're thinking, "Why the heck would a Realtor work with an investor on their short sales? Don't all Realtors hate us investors because they think we are trying to take advantage of the homeowner?"

While I have run into my fair share of these types of Realtors, I have found that once they understand what it is that I am trying to accomplish, they start banging down my door trying to bring me their deals. I currently have 15 Realtors who build their entire business around bringing me all of their short sale listings.

Why? Because I turn these distressed properties around. I get results for their homeowners using the same methods I'm going to show you.

The real question that I ask myself every day is "why *wouldn't* all Realtors want to work with investors?"

Go up to any Realtor that you know that is working on 5 or more short sale listings, and ask them what their biggest challenges are when listing and selling/negotiating short sales. The most common answers you will most likely get are:

- ✓ "The bank won't do anything until I get an offer and no one wants to make an offer because its a short sale, and they don't want to wait around for 3-6 months only to find out that the answer is no."
- ✓ "The bank makes me discount my commission EVERY TIME. They expect me to do three times the work for only two thirds of the money."
- ✓ "Assuming I get someone willing to put in an offer by the time it gets approved, the buyer has flaked out. He found a bank owned property down the street and withdrew his contract. The loss mitigator at the bank closed the file because it took me too long to find another buyer and now I have to start all over again."

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- ✓ "I am finding that I am spending all of my time on hold with the bank and faxing in the short sale packages when I could be out finding more buyers and sellers to fill up my pipeline. I feel like it is impossible to make money in this market!"

I always try to get the Realtors to admit that they are having these problems so that when I come up with a solution that will be beneficial to everyone, they are so excited to bring me all of their deals they can hardly contain themselves. I will usually respond by saying something like this (you can get the exact pitch I use at my site ... including the secret ninja persuasion techniques I use ... but you get an idea from the following, just not the actual part that makes it work – that's at the site):

Me: Well, what if I could make it so you only have to do half the work and make twice the commission in most cases- sometimes more- would you be interested in working with me?

Realtor: I'm listening.

Me: Every time you get a short sale candidate I will put it under contract and pay you a 3% commission when closed. I have a negotiator that will negotiate the short sale for you ***so you never have to talk to any banks.***

Realtor: I'm sorry, where did you say I sign?

Me: Hold on. My intention is to immediately resell all of these properties. I don't have time to do the actual selling, because I am working on so many of these at once. I will pay you an additional 3% commission when I ***resell*** it (assuming I get a big enough discount to make that work). And if I do really well and you do a really good job of getting me the highest and most qualified buyer I'll pay you a bonus of even more!

Now, here's some details of how I can make you even more money...

Realtor: Excuse me, where did you say I sign? Where? Please?




See, I'm not only giving them a double pop on each property (a commission on both the front end and the back end), I'm offering them a bonus, too, if they bring in an especially good buyer. Plus, I sweeten the pot with another carrot or two, in case things take unexpected turns.

That gets them pounding on my doors with qualified listings, just waiting for me to cash in on them. I spend a couple of hours training a few of them, and it's like unleashing a flood of profit opportunities.

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Now, getting the details on making this work are at my site, but that's enough to give you a taste of what my students execute nearly flawlessly. I'll bet you're beginning to see how I get all sorts of different professionals trained and working for me, while I just sit back and rake in the profits. Just for starters, I'll tell you this:

- ✓ I have several realtors trained to approach homeowners in my secret high-probability listing method. And they know which properties to bring me to make it worth my while.
- ✓ Then I pay high enough to have them nearly tripping over themselves to bring me buyers, ON A PERCENTAGE BASIS, ONLY IF THE PROPERTY CLOSES, ... of course, it's like 2006 all over again for them, doing deals like they used to, not having to negotiate with the bank, which they all seem to dread. Not me. I have someone to do that, too. 
- ✓ I have someone that's trained to put together the package for the bank ... all I have to do is review it. Sometimes, I just have one of my other prep people do it for me. Just so long as they are trained with my secrets of how to put together a package that has a high probability to be accepted by the bank
- ✓ Again, I take a couple of days and train someone to be able to negotiate with loss mitigators at the banks. I don't have time to deal with lenders or their clerks, so I teach someone my little ninja tricks for determining the lender's criteria for approving a short sale, then giving them what they want. I very rarely have to even so much as pick up a telephone. 
- ✓ Notice I have different people doing different things. That way they become experts in their area. None of these people really know each other, so I am not replaceable.
- ✓ Once I get them trained, they're up and running ... then my main focus is hanging out in my living room, playing with my little niece and nephew, or planning my next vacation in Cancun or Vail (last month, I spent a week in Aspen). This is as close to an automatic income as people like you and I can still reach. And it doesn't take long! 

So if you want this kind of income and lifestyle for you and your family, I strongly suggest you hustle on over to <http://www.shortcutsalesriches.com/welcome.html> and see it for yourself.

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Actual Case Study ... 4625 West Euclid Ave.



Total Original Payoff on Mortgage:	\$450,000
Discounted Payoff on Mortgage:	\$183,115
Resale Price:	\$221,300

Net Profit: \$26,084.62

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Trap #7: Banks BPO (broker's price opinion) or appraisal comes in too high or bank lies about the value.....

This is actually **the #1 DEAL KILLER**. I saved it for last, so listen up!

This will happen if you let it, so here's how to stop it. I make sure my students master this, because their success in this one single part of the deal works or fails, depending on how good you are (or how much you totally suck!) when meeting the Realtor or appraiser who does the BPO for the bank. And don't worry if you suck, because I can turn you into a pro in no time. Just visit the site: <http://www.shortsalesriches.com/welcome.html>

Remember, the bank discounts their mortgage based on how much the property is **worth**. And that's often figured out by them with this "BPO." It really doesn't have a whole lot to do with how much is owed and what your offer is. In other words, it is normally just as easy to get a 350k mortgage down to 175k as it is to get a 250k mortgage down to 175k, assuming the BPO comes in at the same number.

It is very important to have someone meet the BPO agent at the house and make sure they have done their homework on the property. Remember, these agents are normally only getting paid \$65 to do a BPO and do anywhere between ten and thirty per week. They don't really care if the property values at two dollars, or two million.

Remember how I said you have to understand where each person is coming from, and what their criteria is? These folks want to make an accurate estimate of the value, one that can be supported if questioned, and then move on to the next. Knowing that gives my students an understanding of how to handle the BPO checklist that I give them.

So, the BPO broker does not have a vested interest in the transaction itself. They get their \$65, no matter **what** it comes in at. So you must, again, uncover their criteria about what they **do** care about, so you can handle them best.

And you'd be surprised at the list I have drawn up.

Most of them don't even really understand what is going on in the market because they're not doing a whole lot of real estate transactions (hence doing grunt work for \$65).

By the time the BPO is ordered, the house is only worth whatever the three lowest comps in the area have come in at (in most cases). So unless the BPO agent uses those comps, the bank is going to think the house is worth more than it will actually sell for.

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Now you're stuck, and everyone loses. You can't get the deal done, even if you did the deal for FREE! The bank, acting on inaccurate information, finds out the hard way and takes it all the way to auction and loses even more money, all because the BPO agent had an inflated idea of what the property was worth. (THIS HAPPENS ALL THE TIME!!)

So when you or your agent meets the BPO person, my trick is that 5 things MUST be taken and shown to them:

- ✓ 3 lowest sold comps
- ✓ 3 lowest active listings

Find out about the other 3 MUST HAVES at <http://www.shortsalesriches.com/welcome.html>

Your goal is to get the as-is quick sale value to come in at 10-20k below what the lowest sold comp is, and the 5 things you MUST take with you gives you a high probability of this happening.

Here's the secret formula: if you get the house for 80-95% of that number you should have no problem flipping the property, even in a declining slow market where houses are almost begin given away.



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Now here's a hundred-thousand dollar tip for you:

There's another problem with loss mitigators at banks. Remember the whole discussion about **criteria**? Well, often times they are paid on a sort of "commission." That way, the bank pays them to save the bank the maximum amount possible. Makes sense for both the bank and the mitigator.

But it's a trap for you.

Why? Quite often the bank's loss mitigator lies about what the BPO comes in at. I've had BPO agents tell me what their number came in at (which they're not really supposed to do) when I call them to follow up. I've also had them even show me the BPO. One came in at 130k, and the bank is telling us that it was 190k.

Sometimes the loss mitigator is just flat out lying. Other times, they may be manipulating things by "going off the highest value." What I mean by that is, sometimes the bank instructs the BPO agent to give them 4 different values....

- ✓ 90 day after repaired
- ✓ 30 day after repaired
- ✓ 90 day as-is
- ✓ 30 day as-is.

See how this can be manipulated by a less-than-honest mitigator? If the house needs a lot of repairs, you could have a difference of 50-150k or more between the 30 day as-is and the 90 day after repaired value. You have 4 options when this happens ... and I assure you that when you get rolling, it will ... so here's how to handle it:

1. **The "diplomatic" approach:**
Ask the loss mitigator if they would be so kind as to take a closer look at the BPO and see if you can get them to tell you if there is more than one



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value and which value they are basing their counter offer on. If you do this with the right wording, which I'll show you, most of the time they'll say, "Oh, I'm sorry. I got the wrong figure. It's only *this*."

You win.

2. The "I'm gonna to tell on you" approach:

Go over their head and ask for their boss. Explain to them that their number and what you feel the house is truly worth is so far off that you want to find out how much crack they are smoking ... oops, I mean that you want to find out what they are basing their value on. Tell them that you want to explain that to the buyer to try to get him to raise the offer.

Show them comps, market conditions, pictures and repair estimates, or you can even send them a BPO or appraisal that you have done yourself.

This will probably work 30% of the time. The bank will sometimes order another BPO or reconcile their value and give you a bigger discount ... but you will almost always have to raise your offer and meet them at some type of middle ground (this is why it is important that your first offer is a low ball to give you wiggle room).

3. The "rain on their parade" approach:

If the loss mitigator is **clearly** lying, but you don't want to directly call him a liar (which may feel good but won't accomplish anything) you can hire **the same BPO agent** (the one that did the BPO for the bank that called you for interior access) to do another BPO for you **at the same house**. If you are hiring him or her for this separate transaction, they have no fiduciary responsibility to the bank (in other words, they don't owe the bank **jack** anymore – they're working for you now!) so they can't get in trouble.

It is very unlikely that his BPO that he does for you is going to come in 50k lower than the BPO that he did for the bank when they are only a few weeks apart in time (he will probably just copy the BPO he did for the bank). Once received you can call the loss mitigator and say these **EXACT** words: "I'm confused, are you sure [REDACTED]"

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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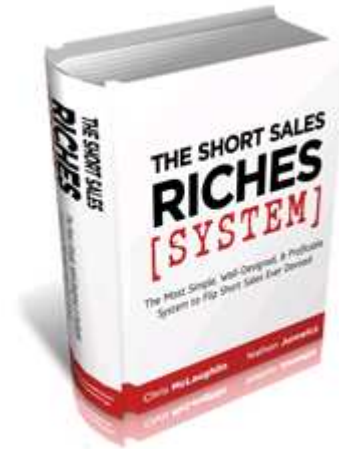
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Good luck, and welcome aboard!

Nathan Jurewicz

Nathan Jurewicz
Million Dollar Short-Sales Investor

P.S.-Please don't be one of those who, six months from now, look back and kick themselves for missing out on the hottest real estate opportunity in decades, and a true shot at making 5 or 6 figures per month! See it for yourself at <http://www.shortsalesriches.com/welcome.html>



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