

Big Yields From Little Deals

I often hear people say they can't get started because they either don't have any money, or very little money. Just this week, Eric, a young man in our Real Estate Club, said he only had \$5,000 and wanted to know how he could get started with such a "small" amount. I told him that the amount doesn't matter, what matters is that he get started. And NOW!

Stop Thinking Like Average People

My advice to Eric (and you) is to stop thinking like the "average" person, unless you want to be average. The average person expects to work a job for 30-40 years, then retire on a "fixed income"...that somebody else fixed. If all you want out of life is to be average, just do what average people do. But I hope you set your goals to be much more than average.

The only real difference between rich people, and poor people, is the way they think. So start thinking in a different way, start seeing things in a different way, and start doing things in a different way. Start thinking like the entrepreneur that you were meant to be. Entrepreneurs don't wait for deals, they create deals

How To Make 15%-20% The Simple Way

Making 15%-20% returns on your money is simple. And there are opportunities all around you if you will look for them, recognize them, and act on them. Every time you hear someone say that they need to buy something, but don't have the money, you should consider that a potential money making opportunity.

There are always people who need to buy something, but don't have the money. And because of their lack of financial discipline, they never will. But they can make monthly payments with no problem. So focus on these type people, and get in the financing business. That's where the real money is. And it's such a simple and easy way to create passive cash flow.

Some of my best customers are former tenants and people that bought mobile homes from me. Even after they pay the home off, many have called later wanting to borrow anywhere from \$1,000-\$5,000. And none of them have ever complained about paying 18%, or more, in interest. Most of them don't even ask what the interest rate is. Also, most of them want the payment to be the same as it was on the mobile home.

Last week, a couple who bought a mobile home about 5 years ago, wanted to borrow \$1,800. They volunteered to tell me they could pay \$200 monthly for 10 months. Run those figures and see what my yield will be on that little loan.

I'm still doing business with a couple who rented an apartment from me over 14 years ago. How's that for steady cash flow? Every time they want to buy another car, or pickup truck, they call me for the money. I've lost count of how many we've done.

Last month, I made a \$1,000 loan to another one of my mobile home buyers who needed to have some dental work done. This week one of my past customers wanted to borrow money

to get her Mama out of jail. Hey, I swear, I'm not making this stuff up. Folks, this is an amazing, amusing, and profitable business.

These are just a few of the many actual deals I've done. And my yield/return on all of them were at least 18%.

Most of them were much better.

Attention Landlords!

Here's a simple way how some of you Landlords can create extra income from your tenants. What does your tenant do when they want to buy new furniture? Or that 48" TV? Or a new computer? They most likely put it on a charge card, or get the store to finance the purchase at 18%-21% interest. Why don't you offer to finance what they want and collect that interest?

Let's suppose you learn that one of your best tenants want that latest big screen TV costing \$1,000. They won't ever save \$1,000, but they can make payments forever. You find out which TV they want, negotiate a 10% discount for a cash sale, and have it delivered to them. (If you can't negotiate a 10% discount for cash, you need a seminar on negotiations).

You charge them \$1,000, plus \$75 "processing fee", or whatever you want to name it. They pay the \$75 processing fee, and sign a note for \$1,000 payable \$50 month for 24 months. What have you just done? You've just created a little note that will earn you 38%. Let's go over each step.

You negotiate a 10% discount (\$100) off the price when you buy the TV. It's not hard to get a 10% discount for a cash purchase. But you do have to ask. Try it! You charge your tenant the retail price of \$1,000, plus a \$75 processing fee.

They sign a note for \$1,000, payable \$50 monthly, (more if you can get it) for 24 months. You now have \$825 in a note with a face value of \$1,000. What is your yield/return? Try 38%.

Profits From Prepayments

Here's a neat way to make a good profit by prepaying part of a loan, a note, or your mortgage. Or any debt that you're paying on. This normally won't work with a bank or a mortgage company, but many times it will with a private note holder.

Let's suppose you bought a \$50,000 property from a private party. You paid \$5,000 down and the seller carried a note for the \$45,000 balance. And let's say that note was structured for 20 years (240 payments), 10% interest, with monthly payments of \$434.26.

If You Don't Ask, You Don't Get

If you pay each payment as it becomes due, you will have paid \$5,211.12 after 12 months ($12 \times \$434.26 = \$5,211.12$). Try this idea. Include a note with your next payment saying that you've accumulated some extra cash, or you're getting your tax refund, or whatever,

and you're trying to decide the best use for it. Then ask your note holder if she would be willing to give you a 15% discount if you could prepay her next 12 payments. If she accepts your offer, that means you would make her one cash payment now of \$4,429.45, instead of 12 payments of \$434.26. That's a discount of \$781.67 ($\$5,211.12$ minus 15% = $\$4,429.45$). Run the numbers and see if that isn't a 31% return.

This technique will work the same on any type of debt payments you happen to be making, regardless of the size of the payments. Suppose you're making monthly payments of \$2,000 to someone. Would this same concept work? You bet it would. In fact, it might work even better. Someone receiving \$2,000 monthly payments would receive over \$20,000 cash by giving a 15% discount for 12 payments. That's enough to activate people's greed gland. Or, to buy that new set of wheels.

So make offers to everyone you're making payments to. Where can you invest your money and make 20%-30% any easier? I once made seven offers like this, (15% discount for next 12 payments) and four were accepted.

This technique does work, but it's up to you to make offers and make it work. But don't expect note holders to make you any such offers. So try it with your next payment! You have nothing to lose, and much to gain.

Never let the mail carrier pass your house without leaving a check.

To your wealth,
Lonnie