



Savannah Chapter Newsletter

GEORGIA REAL ESTATE INVESTORS ASSOCIATION

Chapter Meeting June 12, 2007

We will be meeting at the new state of the art facility at the Savannah Board of Realtors Building at 7015 Hodgson Memorial Drive, Savannah, GA 31406. Doors open at 6:30pm with Free Refreshments. Meeting Time: 7pm.

All members may bring a stack of flyers advertising their property for sale for placement in the back of the meeting room. Remember to write member number on the upper right hand corner of each flyer.

Marketing Session before every meeting.

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SALREIA Proudly Presents:

Don Derosa

At our General Meeting, June 11th

Don DeRosa is a real estate investor, author, teacher, coach and national speaker. He has trained thousands of new and experienced investors to build wealth in real estate using the same techniques that helped him build his fortune, particularly buying Subject to, Short Selling and Using Private Money.

Don was honored to be singled out among the top 21 real estate investors in the U.S. and Canada featured in the New York Times best-selling book *The Millionaire Real Estate Investor*.

He has bought and sold well over 200 properties in the last few years. This has given him the expertise and experience to train students on everything from finding subject-to purchase opportunities, to finding and negotiating with sellers, analyzing deals, creating equity through short selling, finding private money to fund deals, to quickly selling properties and collecting profits!

Don personally shares all of his inside secrets for generating both current cash flow and long term wealth through his step-by-step real estate investing systems, including –

- **Building Wealth with Real Estate** – *The Ultimate Step by Step System For Creating a Top Real Estate Investment Business in Less Than 33 Days;*
- **Short Sale Profits Made Easy** – *The Ultimate Step by Step Guide to Short Selling Over-leveraged Property;*
- **Private Lending 101** – *The Ultimate Step by Step Guide to Utilizing Other People's Money;*

Sell Your House FAST for Maximum Profit – *The Ultimate Step by Step Guide to Selling Your House Quickly in Any Market*

Through his detailed courses, CDs, books, seminars, teleclasses, radio show and personal mentoring and coaching, Don's students learn practical approaches to run "real" real estate investing businesses. He truly enjoys teaching and helping his students become financially independent, successful real estate entrepreneurs.

President's Message

It's hard to believe but the year is already half over and we have so much still to accomplish. How about you , are on meeting your goals? Have you mapped out the rest of the year? How about long range? We have tried to provide the education and networking opportunities, hope you are pleased so far.

Eric has been working hard to keep our speakers coming. Be sure to show your appreciation for all his hard work, speaking of hard work...what about Debbie Swain always making sure our food is here and presented properly. Debbie is looking for some volunteers to assist her or give her a break, be sure to show her your appreciation as well.

There are some important changes for July, mainly that we will not meet at the normal spot and we will have a panel discussion that evening so be planning your questions. Right now it should consist of an Appraiser, Termite Inspector , Home Inspector, Closing Attorney, Insurance Agent and Lender .If there is some other panelists you'd like let us know.

The Web site is supposed to be in viewable condition by this meeting , not finished but viewable and the legal stuff our Political Action Committee has been watching closely is unfortunately going to have to be in the next issue but I assure you will be interesting to read. We should be glad some of this junk didn't make it but we also need to be aware that it will reappear and we must be ready to stop it.

This month , June , will bring Don Derosa and his many subjects and I feel he will also offer his foreclosure letter at a more affordable price for the area. Since there is a bio in this letter I refrain from being redundant. While we are Thanking, thank Dave Doubek for getting our newsletter out in time and for his role in helping the organization progress. We have a great board and a great group, see you at the next meeting...until then Happy Investing, Tony.

Salreia Saved Me!

By Richard Lambeth

Salreia saved me from that dreaded of all things, a J O B. After working for the same health system for 22 years I got laid off in January. Just a hint for those of you in middle management, if your company is having money problems and you are not asked to help form a cost saving plans you may be the plan. After being told at 8:30 I cleaned my office out and was home by 10:30. I cleaned the kitchen, which made my wife happy, but I decided I was going to work for myself and went in town to handle some insurance questions on one of our rental homes. While on the way I contacted SaLREIA member Vic Jarvis and told him I needed to go look at some houses and by 1:30 we were on our way.

The next week I went to the auction on the court house steps and many SaLREIA members were there and helped explain the process and who the different groups were that were bidding. I now have a much better understanding of how the auction works. At the same time comp search came on line from GaREIA and although I read the sales transactions each week, comp search helps me to do my own comparables on line which verifies what I think I know about real estate prices. By my fifth week being self employed I had three signed deals. Now I was worried I had too much.

Two of the deals were from working with Vic. I decided to sell my first deal which was a doublewide trailer on a permanent foundation and lot. While at the SaLREIA meeting I asked a member that buys mostly trailers if she would like to look at the deal. We meet the next day at the trailer and she agreed to buy it. A week later I closed and an hour later sold it to her.

I did not have And Or Assigns in my contract so I had to close the deal and then sell it. Lesson learned but we both made money on the deal and it solved my problem of too many homes to rehab at once. At the same meeting I asked a long time member if I could take him to lunch the next day. After letting him know I wanted him to look at one of the houses I was buying and not trying to sell him anything he agreed and we meet the next day.

After a great lunch talking about different deals we rode over to the house and he walked me through what he thought I could do with the house and estimated cost. Lucky for me I had estimated higher than him, this made me feel a lot surer about my deal. Later I was farming the area around my old hospital and came across a tax lien sign.

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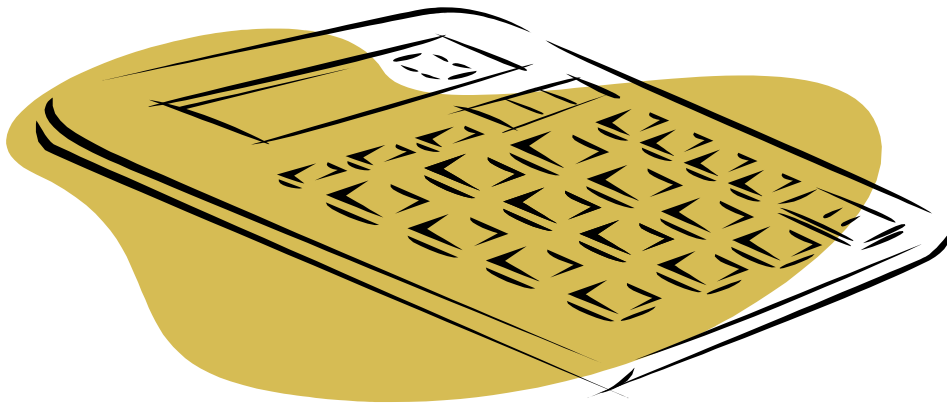
Notice that I'm really talking about a number of things here, covering both short-term and long-term income. You need to account for both: cash for today (short-term) and cash flow for tomorrow (long-term).

Let's start with short-term income. How much *do* you want to make? Grab your calculator and have some fun. If you've been barely making it financially for the past few years, this may be difficult for you. What have you been doing without? Make a wish list, and add some of those almost-forgotten things back in. You're ready for a vacation, right?

Once you've chosen how much money you want to make, you can translate that goal into a plan. That part is just a matter of mathematics – but make sure your plan is SMART – specific, measurable, realistic, achievable and time-based.

Here's an example of a cash-today goal with a plan to put it into action: "I want to make \$240,000 next year. I will buy and sell 12 single family homes priced between \$120,000 and \$220,000 in the next twelve months, and I'll make at least \$20,000 profit per house to get that income.

How is that for specific? You've got amounts and timelines. This goal gives you something you can measure. Yes, it's pressure, but it's the good kind – the kind that drives you forward!



How about your long-term income? Now you're talking about building wealth. You could invest some of your earnings in the stock market or put money in certificates of deposit, but why not just do what you're already doing? To build long-term wealth, buy additional houses to hold.

Let's say you want to build \$240,000 in equity this year. Here's how you might state that goal: "I will buy and hold 12 single family homes priced between \$120,000 and \$220,000 in the next 12 months, with \$20,000 in equity for each house."

If you've been watching infomercials you may think my numbers are too conservative. True, my profit number of \$20,000 per house is on the low side. It's certainly possible to make more than \$20,000 – much, much more – on a single transaction. But I'd rather be conservative. If I make more, it's gravy. And if I hit a bump in the road, I don't need to recalculate my entire year's spending!

From here it's a matter of translating your goal, and your overall 12-month plan, into smaller, readily achievable tasks. How many houses do you have to look at each week to buy 2 houses per month? How many offers do you have to make? From here, it's all in the numbers, and it's very, very achievable.

Remember, you won't make an offer every time you look at a house. The ratio depends on a lot of factors, and a good real estate investment course will help you figure out how to crank those numbers. In the beginning you'll look at more houses, because you haven't gotten the hang of it yet. As you gain more experience, you'll be able to tell good deals from bad deals more quickly; and as you gain confidence and knowledge, more of your offers will be accepted.

By writing down specific financial goals and breaking them down into achievable tasks, you can create a plan that will almost certainly increase your income. It's the first step in moving from need-based living to the lifestyle you deserve. You *can* choose your income!

Not knowing exactly what it meant I called another member who explained the whole tax lien process. I had hoped I would buy the house and sell it to my old employer (for a lot more) but that was not the case. I'll keep trying. I also got great contacts for contractors from many members which has made finding honest and fair people to work with much easier.

Between classes at SaLREIA and all the help from members I have made to move to full time investor. What a great feeling. Thanks SaLREIA! Richard Lambeth

Building Wealth in a Slowing Housing Market: Great News for the Educated Investor

The right tool for the right job. Anon.

Newspapers and business magazines have been swimming lately with news of a slowdown in the housing market. Is it true? And what does that mean for you as an investor? Is it time to get out of real estate and start selling your kids' Pokemon cards?

Well, not quite. For unsophisticated investors, the game may be a bit riskier. But there's no reason an educated investor can't continue to build wealth – and build it quickly – no matter what the economy does. The trick is to assemble a great set of tools. In other words, you must learn investment methods that will work in a slower economy, and know which method to apply for each deal.

Let's back up for a minute and take a look at what's going on in the housing market. It's no trade secret that interest rates are on the rise. And the National Association of Realtors reports that sales of both new and existing homes will be lower this year than last. Do a Google search and you'll even see lots of speculation about a full-blown housing crash. It's scary stuff if you don't know what you're doing – especially if you just quit your day job to become a full-time investor!

But don't sell off your mother's antique jewelry just yet. First, even though housing sales are down, the same folks who reported the slowdown also say that this year may still be a decent year for both new and existing home sales.

Not only that, but Georgia investors have even more to be happy about. Did you know that in my home market of Atlanta, the luxury housing is among the most affordable in the nation? And that homes here have been 'overvalued' at a much lower rate than in many cities? All in all, the housing market is strong, and housing as an investment is still a great bet – if you know what you're doing.

That's not to say you're home free just by building a sizable real-estate portfolio. It's always been possible to lose money in real estate, and for some, it's easier now than ever. You do it by taking out second mortgages on your primary residence to finance your investments. You do it by assuming you'll always find good tenants. You do it by choosing properties based on hunches and not on sound cost-benefit calculations.

And you do it by assuming that real-estate investments are always safe and that prices will always go up. Follow these tactics and you can definitely lose money in real estate!

Here's the good news: the conditions that make this market a little riskier are the very conditions that allow you to make a killing in real estate – maybe even a bigger killing than before.

Which brings me to that toolbox I was talking about. Over the years, I have had a tremendous amount of success with just a few real-estate tools, all of which fall into two categories: technique and system.

My technique tools are the investment tactics I use to make money in real estate. It's a surprisingly small section of my toolbox, and these tools work as well in this economy as they did when the market was on fire. The three tools I use, and teach, are private lending, 'subject-to', and short-selling. Why these three tools? Because if you know how and when to use them, you really don't need any other techniques.

With private lenders, you won't put your own money at risk. And if you line up your lenders in advance (which I strongly recommend), you'll be in a position to step in fast when a great deal comes your way. You won't have to wait for a bank to approve a loan while the next investor is snagging your great deal.

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And with private lenders, your investment potential is unlimited—you won't have a banker looking at all the properties you have and telling you, "Sorry - you have too many houses. We can't lend you any more money."

With the technique called "subject-to," you can buy homes subject to their existing financing. You get ownership of the house by taking the title to the property, but you don't take out a new mortgage in your name. Instead, you leave the existing financing in place and make the payments on the seller's mortgage. If you structure the deals right, you won't even assume any legal risk – just a moral obligation to take care of the seller's liability, which I hope you'll take very seriously.

As for short-selling, this is the tool that allows you to make money even in the most sluggish market. In fact, the more sluggish the better! When interest rates were at their lowest, many people took on second mortgages. At the time, it seemed like a no-brainer: Housing was booming and loans were cheap – surely equity would build up fast enough to make up for that second loan, right? Unfortunately, that isn't always the case. With lenders willing to loan as much as 125% of home value, and prices stabilizing, people are finding themselves over-leveraged and in danger of losing their homes to foreclosure.

That's where short-selling comes in. To the novice investor, it may look like an over-leveraged home has no profit potential. After all, why buy a house that's worth less than what's owed to the bank?

But if part of the financing is for a second or third mortgage, you may be able to settle those mortgages for pennies on the dollar. That means building instant equity, and what looked like a money pit suddenly becomes a great investment!

Can you invest in real estate without knowing how to use all three of these techniques? Sure. You can also build a doghouse with cardboard and paper clips, but I don't recommend it. Remember: the right tool for the right job.

Notice that I'm not telling you to buy every investment course on the market. You could do that, and if the courses are reputable it probably wouldn't hurt you. But it's just not necessary, even in this economy. With just three techniques, you've got what you need to make money in almost any economic situation.

There's one section of the toolbox I haven't opened yet, and that's the "system" section. What's that about?

Well, let's go back to that doghouse. You've bought the lumber and the hammer and the nails. Is that enough? No! You've got to know how and where to cut the lumber, where to put the nails, how big to make the door, and which of those things to do first. In other words, you've got to have a plan. You've got to have a system. You've got to do your homework. You've got to learn how to build a doghouse!

The same is true with real estate. You may be an expert at doing the paperwork for a subject-to transaction, but what good will that do if you don't know whether a house is a good deal? What good will it do if you keep losing all the paperwork in the back seat of your messy car?

That's why a system is so important. You need to set up an office. You need to target neighborhoods efficiently – and to know which neighborhoods to target. You need easy ways to determine value, to decide whether it's a good deal, to write up (and find!) the paperwork, and to communicate and negotiate effectively with sellers. New, inexpensive computer tools like www.EquityDepot.net (which integrates spreadsheets, property searches and contact management), are making it easier than ever to find and analyze properties – even for first-time investors.

But most of all, you need commitment, optimism, and a really good education to help you stay focused and steer clear of the many pitfalls you may face in today's economy.

With the right tools for the right job, plus good old-fashioned hard work, you *will* become wealthy by investing in real estate. Without them, though, I'm afraid you're likely to end up as one very motivated seller!



Getting to the Bottom Line: Choosing Your Income

By Don DeRosa

*"This one step -- choosing a goal and sticking to it -- changes everything."
Scott Reed*

You've been working hard and you don't feel you're getting very far. You're tired of the rat race and you're ready for a break. It's time for leisure, luxury, and the scarcest resource of all – time. Let's see if there's anything holding you back.

Imagine that you're in school again, and you're asked to complete this sentence about your future income:

I plan to make:

A. As much as I can.

B. Enough, I hope!

C. At least \$250,000 per year.

If you answered either A or B, you've just identified the problem. Why? Because until you've chosen your income, you're not ready to start earning it! Answer C is the only acceptable answer here – assuming you want to make that much money. Actually, *which* specific number you choose doesn't matter very much, as long as you're happy with it. What matters is that you choose a number.

Wait a minute. *Choose* income? If it were that easy, everyone would be rich, right? Well, choosing your income isn't enough by itself. You've also got to do the footwork to back it up. But choosing your income is an essential beginning.

Why not just say you want as much as you can get? Why limit yourself to a particular amount? Don't you want to aim high? Sure you do – but how can you aim high if you don't even know where the target is? So the first step in making the sort of income you want is to set that target. Choose a specific dollar amount.

Just how do you go about choosing that magic dollar figure?

Choosing your income is a two-step process. If you're just starting out, your first step is to determine how much money you'll need to keep yourself and your family afloat until you start earning an investment income. Second, you need to decide just how much that investment income is going to be.

Let's start with what you'll need to get this "ship of enterprise" out of the harbor. You've got to cover your household expenses while you're waiting for your business to start producing, and that may take three or four months. During that period, you've got to keep the heat on in your house. You've got to pay the electric bill, and you must feed your family. You've got to make the car and loan payments. Add up your monthly needs. Don't add in the stuff you want, like a new stereo. This list is about what you really *have* to have to function.

You also need enough money to market yourself. You can do the minimum or you can go all out. At a minimum, you'll need business cards, a phone number, and some way to distribute information, such as fliers or signs.

Now put it together: the total savings you need to begin full-time investing equals at least three or four months of living expenses, plus three or four months of marketing expenses.

How do you get that money? Some people do it by working full-time or part-time while they get the business up and running. Others save up the money and then quit their jobs. It's your decision.

Note that you do not need money to buy houses. By using private lenders, you can buy houses without using your own money. Your money reserve should be for living expenses and marketing purposes only.

Now let's turn to permanent income. This is where it starts to get interesting! Your income goal will drive everything else. What kind of monthly income do you want to make? How about net worth? Retirement income?

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