



## CHAPTER 1

# Build Your Real Estate Wealth on Other People's Money

MORE FORTUNES ARE BUILT IN REAL ESTATE ON BORROWED MONEY THAN in any other popular business. And *you* can build your fortune in real estate using borrowed money—if you follow the tips given in this book. How can I make such a statement?

Thousands of my readers write, call, fax, or e-mail me telling how they're building their wealth in income real estate using borrowed money to start. Many of these readers do this by following the tips in one of my books, newsletters, or courses. Their letters, calls, faxes, or e-mails prove to me that you **can** make big money in real estate today, starting with money you borrow from others.

Here are three letters showing how ***Beginning Wealth Builders*** (BWBs for short) get started in income real estate on borrowed money. (*The state or country in which the BWB letter writer has his/her real estate is given at the end of each letter.*)

### Twenty Units in One Year

"I talked to you briefly last night and I want to thank you from the bottom of my heart for the courage you gave me in your books one year ago. I read two of them one year ago by accident. I ventured out to buy my first fourplex with zero money down. Thanks a bunch for those books. I now have 20

units in my portfolio, one year later. I gross \$98,000 a year with a net of \$30,000. I am now seriously considering quitting my job and doing this full time. The biggest miracle is that I have been in this country for 15 years and was starting to feel unsure about what to do with the rest of my life at age 35 when I read your books. Again, thanks a bunch.”

—Rhode Island

### **Cashing Out at Your Closing**

“I just bought a 3-bedroom house with an attached garage at 50 percent of appraised value and cashed out \$5,100 at closing. This is my fourth straight zero down deal.”

—Virginia

(Note: “cashed out” means the buyer received \$5,100 at the closing of the purchase.)

### **Airline Pilot Finds a New Career**

“I read your book out of a desire to become involved in real estate investing. I’m an airline pilot and September 11 caused a huge disruption in my industry. Luckily, I have been able to purchase three properties since my layoff and I am doing better financially than ever. Thank you for your words of wisdom; they definitely helped motivate and inform.”

—Pennsylvania

If you’d like to examine any or all of the letters cited in this book, just give me a call on the phone. You’ll find my telephone and fax numbers listed in the last paragraph of the last chapter (Chapter 12) in this book. Please allow us a day to assign you a desk in my Manhattan office where

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you can spend as much time as you wish examining the actual letters—just as we received them.

## Invest in an Item of Lasting Value— Income Real Estate

Buying a piece of real estate or dealing with a piece of real estate allows you to work with an item of lasting value. Why is this? Because the land on which the real estate value is based will never go away. It is there forever. So, too, is its value.

I know you can tell me that in some sections of the world the land falls into the sea and disappears. This is true. But the amount of land to which this happens is such a small percentage of the world's total that this event can be ignored. (And I assume that you have enough sense not to buy such land!)

## Recognize the Many Pluses of Real Estate

All real estate has a certain basic monetary value that usually rises as time passes. But there are other advantages, besides the usual rise in value, to making your fortune from real estate. Here are some typical advantages:

- **In real estate**, you are in a “borrowed money” business; this means that it is easier for you to start by using Other People's Money (OPM)—even if your credit is not the best when you start.
- **In most real estate deals**, little of your labor or time is required for the usual piece of income property.
- **As a property owner**, you are entitled to and can enjoy enormous legitimate and legal tax savings on your real estate income.
- **Almost all real estate** is an excellent asset on which you can borrow more and more money as your property rises in value (money to buy more and more income-producing property!)
- **Nearly the entire world** is in the midst of a real estate boom; hence your property will almost always rise in value with the passage of time.

- **You can wheel and deal** in hundreds of ways in real estate to reduce the amount of money you need to borrow to get started.
- **When you pick your properties carefully**, failures are almost unheard of in real estate income property holdings.

You'll tell me, I'm sure, that there are many other advantages you will enjoy while you build your wealth in real estate using borrowed money. Good. This shows you know your goals and you are ready to work towards those goals.

Speaking personally for a moment, I have been a real estate investor/entrepreneur for a number of years while at the same time I run several other businesses and work as a consultant for a Fortune 500 firm. Although I make good money from my other businesses and earn comfortable consulting fees from my regular career, nothing can equal the advantages that my real estate investments give me. I own real estate, while at the same time I:

- **Serve as director** of a large money-lending organization annually making millions of dollars of real estate and other types of loans.
- **Regularly do writing services** for some major firms.
- **Plan and publish** two internationally circulated and respected monthly newsletters covering real estate and business financing.
- **Author—that is, write**—one or two new books a year.
- **Market** some 15 marine products to boat owners all over the world.
- **Give lectures** in many parts of the world to businesspeople and Beginning Wealth Builders (BWBs) and Experienced Wealth Builders (EWBs) on real estate and business.
- **Enjoy** a great family and leisure life.

And I am fully convinced that you, too, can have many of the above joys. So I am giving you in this book what I believe are the essential keys to becoming rich in real estate using borrowed money to finance your fortune.

The tips I give you in this book are based on my years of personal experience in the fields of borrowing money, lending money, investing in real estate, and seeing that real estate rise in value, year after year. You, too, can do the same—or even better than I have done!

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### Build Your Real Estate Riches Minute by Minute

As I mentioned earlier, hundreds of people contact me each year to tell me of their adventures in real estate. Here are several more typical letters written to me by some of my readers. One of these BWBs was able to take over property worth more than \$1,400,000 with zero cash down! Read these letters now to see how you, too, might do the same for yourself!

#### 11 Units with No Cash Down

"Your books have been a major influence in my real estate investing success in the past 11 months. I have a total of 11 units (1 single-family, 1 fourplex and 1 sixplex), all purchased with no cash down. My money-in-fist (MIF) is \$1,300 per month.

—Ohio

(MIF = *Positive Cash Flow you can bank with no claim on it other than yours!*)

#### \$2,000 to \$120,000 in Two Years

"I started using your techniques two years ago and built \$2,000 borrowed money into \$120,000 net worth in two years. I have a real estate corporation, a trout farm, and a sports store."

—Washington

#### Averaging \$167,777 per Year on Borrowed Money

"The result of reading your books speak for themselves: In 4.5 years I took over four properties with these values: No. 1 = \$525,000; No. 2 = \$550,000; No. 3 = \$275,000; No. 4 = \$135,000. Total value today = \$1,485,000. My mortgages total \$730,000. So I built a \$755,000 net value in 4.5 years, or averaged \$167,777 per year on borrowed money. It's not easy but it's well worth it. And I think this is not bad for a Scottish immigrant!"

—New York

### Personal Cash Flow over \$8,000 per Month

“Thank you for talking to me on the phone. Your book has sure changed my life. Since I first read your ‘three-year’ real estate book, I have amassed over one-half million dollars in real estate and two other rapidly growing businesses. My personal cash flow is now over \$8,000 per month, and my two businesses will do over \$350,000 cash flow in the next 12 months. All in less than two years and part-time—I still have my 40-hour per week salaried job.” —Texas

What do these letters show us, my good friend? They show you and me a number of important concepts that I’ve been preaching for many years, namely:

- **Income property** can be bought on zero cash.
- **BWBs** can make money with 100 percent financing.
- **You can get help** as a Beginning Wealth Builder.
- **Wealth-building deals** *are* available today.
- **Any BWB** can wheel and deal on prices.
- **Knowledge** *does* pay off in real estate—I told YOU so!
- **Finding a good property** encourages you to look for more.
- **You have a great future** in real estate—if you work at it!

By including the letters above, I am trying to show you what actual, real people are doing these days. And you, too, I believe, can do the same! But YOU must work at it and YOU must:

- **Keep trying** to build your real estate wealth—never give up!
- **Plan to achieve** what you want in real estate—and then work your plan!
- **Know there is a property for you.** You must keep looking until you find it!

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- **Wheel and deal** whenever you can—it's fun and profitable!
- **Decide to learn** all you can about the real estate business!

Now you know that it *is* possible to take over real estate for very little money down. Or, in some cases, you can take over real estate for zero cash down. This is one of the greatest advantages that real estate offers the BWB today.

Please keep in mind that all the examples you will read about in this book are drawn from the actual experiences of living, breathing BWBs. So they reflect real-life experiences. What's more, I keep the actual letters in a bank safe deposit box. But you are welcome to read them in New York City any time you wish. Just give me a few days' notice and you can study them as long as you want.

## Start-Ups Win in Almost Every Real Estate Deal

Forget about needing a college education to make it big in real estate. I know thousands of people who are actively earning big money in real estate today. Few of these people have ever seen the inside of a college classroom. Many of them have never even been on a college campus, and a number of them could not produce a high school diploma if asked to do so. Yet they are earning large incomes from their real estate investments. I firmly believe that you, too, can do the same—with or without a formal education.

You do, of course, need some basic know-how in real estate. It would be foolish to try to take over income property, make real estate deals, or start a real estate investment company without knowing what you are doing. But in real estate, you *can* learn while you earn, because:

- **Most income properties** are easy to buy and run.
- **By hiring an accountant and an attorney** to help you with the business and legal aspects of your real estate you can avoid problems.
- **Help is easily and readily available** from thousands of people in real estate who are ready to assist you when you have questions about your real estate plans.
- **You will gladly learn** more about how to increase your income when money is flowing into your bank from your rental properties.

Do not call me, e-mail me, or write me to say, *"I don't know what I am doing; hence I can't make money in real estate!"* This is a give-up excuse that only annoys me. Please *do* call or write me, and I will be glad to try to help you, if you're trying to build your real-estate holdings. But I will refuse to try to help you if all you want to tell me is about the number of times you tried to do something and failed. What I want to hear about is the number of times you tried to do something and succeeded, like these readers who wrote:

### **Triplex with No Cash Down and Cash Back at Closing**

"Purchased a triplex with no money down and cash back at settlement for rehab. Seller said it was the best deal he had ever seen!"  
—Maryland

### **Three Pieces of Real Estate with Zero Money Out of Pocket**

"I just purchased my third piece of real estate with zero money out of my pocket. Two properties are rental homes with about \$200 positive cash flow per month each. Third house is our dream house. All these have a value of \$160,000 and were purchased with zero money out of my pocket—well almost, the last home I put about \$300 out of my pocket for \$80,000. I am presently employed as a firefighter and I found rental properties are a great second job. I am starting my 22nd year as a firefighter; so retirement is not far away. I plan on taking your advice and double my real estate holdings every two years or sooner. I am only 43 years old and will be in my early fifties when I retire. I will need the extra income!"  
—Oklahoma



**I'm the First to Say Zero Down Deals DO Work**

"After reading several of your books I purchased several real estate units. I currently own three up-and-down doubles and I'm working on a deal to buy two townhouses. The owner is willing to refinance these townhouses and sell them to me on a land contract. Some people say 'no money down deals' don't happen. I will be the first to say they do!"

—Ohio

**From \$1,000 Borrowed to \$225,000 Value**

"I read two of your books and followed your advice for the purchase of two beautiful properties in New Jersey. I bought the first one, now worth about \$225,000, with a borrowed \$1,000 down payment. I am now ready for more substantial propositions."

—New Jersey

**Apartment Building for \$500 Down**

"I purchased one apartment building for only \$500 down and \$500 closing (it was a repossessed building) using the method Ty gave in a recent issue of his Newsletter. I am now negotiating for four more buildings from the same bank."

—Texas

**Another \$500 Down Nets \$8,000 Profit**

"I have three of your books. Because of your inspiration my wife and I bought a building eight months ago for \$500

down and recently sold it for a net of \$8,000. Thank you for your help.”  
—Minnesota

## Speedy Results Are Possible in Real Estate

My education is as a mechanical engineer. After graduating from engineering school, I obtained my license as a Professional Engineer. For a number of years I worked as a consulting engineer. During my education and my consulting engineering activities, I always enjoyed working with numbers. All of my business life has been directed toward numbers, such as the six classes of numbers I look for in real estate, namely:

1. **The four numbers I need from you** to advise you on whether a proposed real estate investment in income real estate will be profitable for you. These numbers are: ***The Price, The Income, The Expenses, The Down Payment.*** I call these numbers the P, I, E, and D of investment real estate.
2. **The precise numbers of making a fortune** in real estate using borrowed money (you will see these numbers later in this book).
3. **The average number of hours** it takes to build a real estate business that has \$1 million worth of income property.
4. **The usual number of weeks or months** it takes to acquire a typical income property.
5. **The happy number of dollars** you can “walk away with” each month from each income property you own.
6. **The very small number of errors** I have seen BWBs make in the income real estate business.

When you analyze an investment in advance and have good legal advice, these numbers are all in favor of you, the BWB in real estate. Why do I say this? Because the numbers that give your time input, money input, energy input, and “worry” input are all very small. But

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the numbers that give your chances of being successful and the income that you can earn are very large! Listen to the following BWBs who wrote to me:

**\$1.2 Million in Assets on Little or Zero Cash**

"I have benefited substantially from many of your real estate books. I now own 20 properties (78 units) with a value of over \$1.2 million. All these properties were bought with little, or zero money, down."

—Nebraska

**From Rentals to Sales**

"Your books and inspiration helped me buy five houses with absolutely no cash! I now have \$425 per month positive cash flow and \$1,000 in security. Also, three tenants want to buy their houses with over \$10,000 profit in each to me!"

—Virginia

**Get the Seller to Carry**

"Thank you for the time you spent with me on the phone. By answering my questions and explaining to me how to structure a zero-cash-down deal, I was able to buy a \$300,000 building for \$240,000 while putting up none of my own money. I got a first mortgage for 80 percent of the purchase price and the seller carried the rest. After all expenses and debt service I have an annual cash flow of \$7,100. Not bad for the first one!"

—Florida

### Home Equity Loan Gets a BWB Started

"I started out to become a millionaire 19 months ago with the idea of making it in five years. So far I've acquired about \$200,000 in income properties and lakeshore raw land. I had no cash when I started this venture, but acting on the advice in one of your books I borrowed \$10,000 in the form of a mortgage on my home. Since I had an excellent credit rating, I was able to buy two income buildings for \$1 down on each. I just sold one of them for a net profit of \$2,000 after owning it a year. I bought another building with 8 apartments for \$63,000 with \$1 down; I could sell it now for a \$10,000 net profit. There is no possible way I could put a price on the value your books have been to me in the past year and a half." —California

### Get in on Zooming Worldwide Growth

Traveling throughout the world, I watch real estate deals being made by various people, many of whom are beginners. These deals are often truly fantastic! Here are a few recent ones I've seen reported in the media:

- **A real estate BWB in California** made some \$200,000 in 10 months from a property he bought using borrowed money and sold after making some minor repairs to the landscape.
- **A Canadian real estate BWB** bought four pieces of property valued at \$4 million for just \$4—one dollar on each!
- **A young BWB** took over eight houses and one building lot in his first eight months in the real estate business. His holdings are valued at \$350,000 and he mortgaged out with \$27,000 in tax-free money. The \$650 he put down was borrowed money!
- **Many other mortgaging-out deals** exists in which the BWB put down zero cash and came away with the ownership of the property plus money in amounts from \$5,000 to \$35,000.

Since such deals are being made almost routinely, I have full faith that you, too, can do much the same if you follow the ideas and hints I give you in this book. I have nothing to sell you, good friend, except your success in income real estate!

### **Good Financing Can Be Yours Even with Bad Credit**

It would be great if you could spend a day with me in my lending activities to see how much money is available to BWBs seeking real estate of some kind. For some years I have been Director of a rapidly growing lending organization. Prior to becoming Director, I was President and Chairman of the Board of the same lending organization. During these years, we have been “busting at the seams” with money.

Ever since our lending organization was granted the right to make real estate mortgage loans of various types, the Board and I have spent hours discussing why we could not find more people to borrow our money for real estate purposes. Yet when we checked with other lenders of a similar type, we found that they, too, had the same problem—they could make only a few loans when they wanted to make many.

Why does this situation exist? We have come up with a number of reasons for our lending organization and for similar ones. These reasons are as follows:

- **We are competing with many other lenders.** Since there is a lot of money around for real estate purposes (actually, billions of dollars), our prospective borrowers go to them for the money they need.
- **Qualified (and many unqualified) borrowers** find it easy to get money from various lenders. So they seem to think of us last.
- **Borrowers who have a good income property** or any other attractive type of real estate are a magnet to most lenders who are anxious to make a loan. This means that there are probably more lenders than borrowers at certain times. So we lose out.

While you may doubt what I say, the situation I detail is not unusual in my experience. Many other lenders to whom I speak on a regular basis tell me they run into the same problem. They just cannot find

enough qualified borrowers for the money they have available to lend for real estate.

## Take the Billions Being Offered to Real Estate Investors Today

Your reaction to the heading directly above might be intense laughter. If so, please don't call me to tell me you tried 116 lenders and they all said no. I know what our situation is; I wrestle with the problem of finding more borrowers for our real estate money. Plenty of my friends in the business tell me they, too, have the same problem.

Since I have actual, daily, experience in lending money for real estate purposes, I know that you *can* find the money for your real estate deal that involves attractive and "lendable" properties. A lendable property is one that has a value somewhat greater than the amount of the loan you seek. Of course, if the property is worth a lot more than the loan you seek, your borrowing will be made much easier.

Because I struggle daily to find more real estate borrowers, I am convinced there is plenty of money around for *your* real estate deal. All you need to do is go out and look for the real estate money you need! You can look for this money in a number of ways, such as:

- **Writing** to various lenders asking them if they would be interested in your real estate loan.
- **Calling** lenders in your area who might be interested in lending on your real estate proposal.
- **Visiting** in person lenders whom you think would be willing to help you.
- **Looking** on the Internet for real estate lenders who might work with you on the deals you have.
- **Reading** the Real Estate Section of your local large-city Sunday newspaper, looking for ads run by lenders in your area.
- **Consulting** the various directories of real estate lenders listed at the back of this book to find the names, addresses, and telephone numbers of many lenders. One of these lists contains 2,500 names of active real estate lenders.

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So please believe me—good friend of mine—when I tell you that real estate money *is* available to you. What you have to do is look for it in a way that you find is suitable to your lifestyle and method of looking! And by using the smart and proven methods we give you in this book, *you can borrow your way to real estate riches!* Take it from someone who works both sides of the street as:

- A **borrower** for real estate investment purposes.
- A **lender** who loans to real estate investors.

## Forget about a Real Estate License When You're an Investor

Many BWBs I talk to think they must have a broker's or salesperson's license to invest in real estate. You do *not* need a real estate license of any kind to invest in real estate for a profit! Most brokers and salespeople I know do not invest in real estate. Instead, they're more interested in earning commissions than they are in investing. True, while I do know some BWBs who are licensed, the main reason they got their license was not to earn money selling real estate.

Instead, the purpose in getting the license was to save the commissions they otherwise would have had to pay a broker. Some of these readers use sales commissions in place of the down payment on a piece of income real estate. Having the license permits them to take over certain properties with zero cash down.

Again, you do *not* need a license of any kind to make your fortune as a real estate investor. Keep this fact clearly in mind at all times as you read the remaining chapters in this book. And your age makes no difference, as the following BWBs told me in recent letters:

### Become Carefree about Money Early in Your Career

"At present I own six of your books. Using the principles explained in them, I have gone from zero to owning

\$250,000 of profitable, well-located income property in less than two years. My income allows me modest comforts of living, debt retirement, plus a healthy surplus. I was offered a \$250,000 project for \$20,000 down, which I borrowed. I feel the hardest part is now behind me. Thanks to your books, in no small part, I became financially independent on my 25th birthday.”

—Iowa

### Trailer Park Success

“I’m glad to inform you we bought a 102-space trailer court with 21 acres of land, a complete water system, a lagoon, laundry with machines and four trailers for \$109,000. We raised the money using your methods, borrowing \$78,000 from a local Savings and Loan Association. Then we got a \$10,000 mortgage from the seller and \$21,000 of borrowed money was put up by my partner. When we closed the deal I became half owner of the property without making any payments from my pocket. In fact, I received a \$3,000 finder fee for locating such a nice deal for my partner.”

—Illinois

## Get into Non-Ownership Income Real Estate

Most BWBs thinking of building their fortune in real estate assume they must do so by owning income-producing property. Such ownership is not necessary! You can make a fortune working deals on property you do not own.

Still, you might ask: “Do I need a license to work on non-ownership deals?” You do *not* need a license to work real estate deals on property you do not own. There are many activities that can make you money in



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the world of real estate that do not require a license. Typical money makers you can use are:

- **Income property management** for a fee.
- **Real estate Limited Partnership formation** for a fee and a piece of the partnership, with proper legal guidance.
- **Holding special properties**, which are needed for a large project, for selected clients and assembling the properties into a larger parcel.
- **Money finding** for real estate investors for a fee by acting as a financial consultant.
- **Buying and selling** real estate options for big profits.
- **Acting as a Second Mortgage Lender** for real estate investors.
- **Flipping** (selling) desirable properties you buy with an option and sell for a profit. NOTE: Recently, new terms have been used for flipping, including: Fast resale, Swift resale, Rapid resale, Prompt resale, and Speedy resale.

There are many other ways you can earn money in real estate without owning property. Activities listed above are just a few in which you can make big money today. In none of these will you own property. Instead, you will deal with properties that other people own. The money you earn will usually be free of any real estate property taxes, points, or fees.

Furthermore, as your fortune grows, you may find it profitable to:

- **Invest some of your money** in real estate stocks and bonds. (I have done especially well investing in local public real estate project municipal bonds.)
- **The money you invest** in these projects helps provide good living space for people needing it.
- **The interest you receive** on the money you invest in municipal bonds is free of income taxes.
- **Both the owner of and the investor (you)** in the properties benefit financially.

You can also earn money in many other ways in real estate that do not involve the ownership of property. These ways will be given to you later in this book. I'll show you how to use each of them.

## **Plenty of Free Advice and Assistance Can Be Yours**

Income real estate is not a complicated business. You'll find that many attorneys and accountants know the ins and outs of real estate. So you do not have to run around looking for people who know things about a business that is highly complicated. How can we say this? Because:

- Experienced real estate attorneys can easily draw up the papers you need to buy or sell real estate.
- Documents such as leases, security agreements, and maintenance contracts are almost what attorneys call "boilerplate." Nearly every document you'll ever need can be found in the standard reference books containing often-used documents for real estate attorneys.
- However, *you must always have the advice and guidance of a competent real estate attorney whenever you buy or sell any real estate.* Likewise, you should also have the services of a competent Certified Public Accountant (CPA).

Your accountant will not have much of a problem with the average real estate deal. Why do I say this about accountants? Because the arithmetic aspects of real estate are well known to accountants. You can easily learn them yourself if you wish.

I suggest that you get to know the "numbers" of real estate because doing so can mean a big difference in your income. Later in this book you will get you started on the numbers you'll need to know to borrow your way to real estate riches.

## **Grow Rich with Tax-Sheltered Real Estate Income**

Regulatory agencies constantly revise the tax laws. Various loopholes are closed soon after they're discovered. Result? A larger bill for most taxpayers. But real estate has hardly been affected by these changes. You will always have major tax-saving advantages as the owner of income real estate. Why?

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- **Because most governments encourage** the construction and operation of safe, clean, and affordable housing.
- **If you can provide such housing**, you can easily get the financing you need and you will be allowed generous tax advantages.
- **Thus, the depreciation allowance alone** can shelter your cash income from a piece of real estate. This means that the money you receive after having paid your expenses, real-estate taxes, and mortgage is free of both federal and state income taxes.

Can you ask for any better break? And you get these breaks by using borrowed money as your starting capital! So get to know the numbers of real estate tax savings. Truly, good friend:

- **You cannot make big money** today on a salary from a job!
- **The only way** you can build a fortune today is with a business of your own.
- **And, in my opinion**, real estate is the best business anywhere for a BWB.
- **It is almost impossible** to fail in this great business if you choose your properties carefully.
- **And the tax savings** that you are often offered is one of the reasons why the failure rate is so small!

National governments encourage real estate wealth builders by offering them enormous tax savings. Why don't you get some of these savings by getting into real estate today? I am certain you will never regret it!

## Winners Are the Real Estate Norm

Studies by respected organizations show that about 80 percent of the new businesses formed by people fail within the first two years. But these figures do not apply to real estate because very few new real estate projects fail. Why? Because:

- **Adequate, well-maintained housing and commercial and industrial space** are avidly sought by renters in almost every area of the world.

- **Highly desirable properties** are hard to come by since construction rarely keeps up with demand.
- **Proving the maxim**, “Location, location, location,” good locations are often rented long before a building is completed.
- **Businesspeople** know that a good location can mean the difference between failure and success for a business firm.
- **Property vacancy rates**, often assumed to be 5 percent for financial analyses, are typically less than half a percent in well-located property.
- **Desirable properties** that have been rented for years become popular, and almost as soon as a vacancy occurs someone shows up to rent the space. (The vacancy rate in some properties I know of has been 0 percent for 10 years!)

Thus, it really is almost impossible for you to lose money in well-located real estate. Also, if you buy an existing building—as I always recommend for your first purchase—your chances of success are even higher. Why is this? Because if a building has been operating for, say, 10 years, you can easily check its records for the entire period. Also, you can check the income tax returns of the building to learn what the true expenses were. With such information on hand, it is hard to make a major mistake. What all of this amounts to is this important fact:

**Income real estate is probably the safest investment you can make. Also, income real estate is probably the best investment you will ever make in your entire life. And you can make this investment without putting up a cent of your own if you use borrowed money!**

My friends and I in the real estate field are so enthusiastic about our business that we try to convince almost everyone we meet that it is a worthwhile way to earn their living. I want to convince you of the same because real estate has been good to me and to thousands of other people I know.

This is why I am ready to help you start building your real estate fortune using borrowed money for your starting capital. Here's what two highly enthusiastic BWBs wrote me about using borrowed money in real estate.

### Zero-Cash Real Estate

"I bought my first building (an 8-family). I snatched it from a seller who wanted out quickly. The price was a bargain, with a \$60,000 annual rent income. I applied for a \$300,000 mortgage. **I did not have any money for the down payment, so my only option was a zero-cash deal.** Several banks offered me a \$225,000 first mortgage because the rent roll was high. That meant I had to come up with a \$75,000 down payment. (I never had this much money in my life!) I got the seller to hold a second mortgage for \$30,000 and I took a second mortgage on my mom's house and my grandfather's house for \$45,000. At the closing the seller gave me a 'Seller's Concession' for \$20,000 which covered my closing costs.

**The rents have paid for all loans and I have never missed a payment.** Since most of my tenants are Section 8, my money comes directly from the Government.

I recently refinanced the building to take cash out. Since the building was bought under market value, I had 'built in' equity. Also, the equity in the building has risen in the two years I've had the building and the property is appraised at \$430,000. I refinanced the original loan that was at 8.5% to 6.38% and **I was able to take out \$108,000 in cash.** I plan to use the money to make improvements and for the down payment on other income property." —New York

### "Plastic" Wealth Building Is Popular in Real Estate Today

"I started out a year ago with an old, but sound, four-family [house] that had been run down. I bought it for \$35,000, the seller holding a \$30,000 first mortgage at 8.5% for 20 years. I borrowed \$5,000 from my credit card for the down payment and took out home improvement loans from five different

banks to renovate the building quickly. A week after work started, the large double next to my house came up for sale. I couldn't pass this one up. I borrowed \$12,000 for the down payment. The purchase price was \$55,000, commercial zoned. During all of this my wife and I bought a 55-acre farm for \$28,000.

Opportunity kept knocking and I kept taking it. I bought another double for \$30,000 with \$1,000 down. I am also in the process of buying a four-family and a six-family, all with excellent terms."

—Illinois

Talking on the phone with this reader, he told me that the present worth of these properties, just a year after he started, is about \$340,000. And he did it ALL on money he borrowed! Who says YOU can't start using borrowed money—OPM (Other People's Money)?

## Getting Real Estate Funding the Smart Way

Another young reader told me: "We took over a 48-unit apartment house costing \$100,000 for \$7,500 down. The owner took back a mortgage. Our income is now \$2,000 a month, after paying ALL expenses and mortgages. We had a clause put into the contract saying all the past-due rents we collected would become ours. So far we've collected about \$5,000 in back rents. This means our cash investment is only \$2,500!"

And, to see what goals can do for YOU, look at what this young man is doing. He:

- **Runs the building** from 9 A.M. to noon.
- **Goes to school** in the afternoon.
- **Drives an auto** as a chauffeur at night.

## Take the First Step to Your Real Estate Wealth

By now you have many of the convincing facts you need to help you decide if you want to make real estate investments your way to wealth.

## Build Your Real Estate Wealth on Other People's Money

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I truly hope that you do decide to do this because I think your chances of success are really enormous. And you can succeed without putting up a penny of your own money, if you use my ideas!

Since I'm so dedicated to helping you succeed quickly and easily, I am giving you hundreds of easy-to-use ideas in this book. You'll find these ideas in the how-to chapters that follow this one. These chapters show you how to build your real estate fortune in the shortest time possible and with the most fun—using borrowed money to get started and to continue your wealth-building!

Naturally, I can't guarantee the results. But I am so convinced that you will earn big money in real estate that I am ready to help you in every way possible. By this I mean that I will:

- **Answer any letters** you write to me as soon as I can.
- **Talk to you on the telephone** when you call me, answering you on the first ring when you call.
- **Give you information** that you seek—if I have it.
- **Try to find** one or more lenders for you.
- **Supply you** with information on my books, newsletters, and courses, which are designed to get you ahead faster in this great real estate business.
- **Meet you** in New York City, or in your area if I'm there on a business or seminar trip, if you can spare the time to talk to me.
- **Visit you** in a large city near you if you are a 2-year, or longer, subscriber to one of my newsletters.
- **Serve as a private lender advisor** on your real estate project if it has promise from a “numbers” standpoint.

None of the above will cost you a penny, if you exclude the cost of the postage stamp or telephone call. And if you don't have the postage stamp or the money for a phone call, I will send you a stamp—and then you can call me on my toll-free number, if I suggest that you do so. While it is not necessary to do so, I truly hope that you will read my newsletter, *International Wealth Success*. I have been publishing it for years, and it has helped many Beginning Wealth Builders around the world get started in earning money from income real estate. For more information, see the back of this book.

Again, it is not necessary that you read the newsletter to get advice from me. But I must admit that I believe my newsletter readers are better able to use my advice than are people who have not followed my ideas for a number of months.

Further, since my Newsletter subscribers are my paying customers, I do—naturally—give them preference when it comes to answering real estate business questions and on matters concerning private lenders.



### ***Your Keys to Real Estate Riches***

- ❑ **Real estate is a borrowed-money business;** as such, it is an ideal business for Beginning Wealth Builders (BWBs).
- ❑ **There is plenty of loan money** around for good real estate deals. You can make some of this money yours if you look for it and apply using a well-prepared business plan for your real estate purchases.
- ❑ **It is almost impossible to fail** in well-located real estate; you can earn money from a well-located piece of property for as long as you live.
- ❑ **There are many tax advantages** available to people who own real estate; all or almost all of the income from your real estate can be completely free of income taxes for many years.
- ❑ **There are plenty of people** in the real estate business who are willing to help you when you are starting.
- ❑ **These days, real estate is probably the safest business** for you to build your fortune in—quickly and with lots of fun.
- ❑ **Real estate is booming almost everywhere in the world today;** you would be foolish now if you did not take advantage of these boom times to build your fortune in real estate quickly and easily, using borrowed money.
- ❑ **You always have a friend** in me—Ty Hicks—if you just ask for help! I'm ready to help when you need help!
- ❑ **YOU CAN USE BORROWED MONEY** to build your real estate fortune quickly and easily!