CHAPTER 1

How I Got Started Making an Extra $43,000 Investing in Abandoned Properties—And How You Can Too!

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A declining market is the best market in which to make money.

—Donald Trump

Abandoned properties represent a lucrative opportunity for you to make money no matter where you live—in the middle of a bustling metropolis or in the heartland of America. There are abandoned properties right now in your neck of the woods just waiting to be bought for less than market value. You can make some repairs and sell them for a quick profit, or hold them while you methodically build a real estate portfolio. Either way, by following the proven strategies that I lay out for you in this book, you can grow rich in a relatively short period of time. I know because I've done it, and many of my students all around the United States have done it, too. You'll find our stories and what we've learned (and what we've learned that was wrong!) throughout this book.

Before I get into all the details of how investing in abandoned properties works and how much money you can realistically hope to make, I think it's important to explain exactly what an abandoned property is. The phrase *abandoned property* conjures up a mental image, probably negative, of a house that is falling down, a yard overgrown with weeds, broken windows, and boarded-up doors, in a seedy part of town. That stereotype is only partly accurate.

If you limit yourself to thinking of abandoned properties as fallen-down dumps like these, you will severely limit your market—and your income potential. Abandoned properties can also be houses in decent neighborhoods and sometimes even luxury homes in exclusive neighborhoods. An abandoned property can literally be any house in any neighborhood. Your profit potential is limited only by your imagination and your ability to seek them out.

Basically, an abandoned property is one whose owner has walked away from it, usually with no regard for what will happen to it at some point in the future. People walk away from their homes for many different reasons. Sometimes it's because of a job loss, a job relocation, or a divorce. Sometimes it's due to an illness or even a death. Other times it's because they feel they can no longer afford to keep it.

Still other times it's because they're facing foreclosure. Rather than suffer the indignity or embarrassment of a foreclosure, people sometimes opt to cut their losses and walk away voluntarily. This presents a very special opportunity for you, and I show you in a later chapter how to combine foreclosure and abandoned properties into an exceptional moneymaking opportunity.

Most people, when they learn through media accounts that the real estate market is in decline, automatically assume that the reports are accurate. What the general public often fails to realize is that gloom and doom are the media's lifeblood. Media pundits are sometimes irresponsible (and often ignorant) about the way they report information; they take isolated numbers from selected markets to substantiate their theory of the day and thereby scare people into thinking there's no money to be made in real estate anymore. This is especially true with the way the media reports on foreclosures.

The ongoing increase in the number of foreclosures spells opportunity for you, because this increases the number of abandoned properties available to you. However, as a result of negative media reports about a declining housing market, many would-be investors sit back and decide to delay investing, and thus miss out on the tremendous opportunities that foreclosures—and abandoned properties—present in this kind of market. They put off their investing endeavors until times get better, and thus miss the chance to make a lot of money. I agree with Donald Trump that a declining market is the best market in which to make money. A declining market combined with high foreclosure rates and abandoned properties is exciting, not because people are hurting, but because these conditions make it possible to make money while *helping* people.

In a heavy foreclosure market there are more people who are so desperate for help that they are on the verge of giving up and walking away. When this happens, the number of abandoned properties goes up exponentially. If you can make contact with these people when they most need immediate help and relief, they are highly motivated to work with you because they feel a sense of urgency. However, keep in mind that even if they decide not to work with you at present, this can change very quickly. Additionally, when the number of foreclosures is down—and keep in mind it's been trending up for some time—there are still many good abandoned properties from which to choose.

The point I'm trying to make here is that the foreclosure market is what it is. If you wait for the news media to endorse your real estate investing strategy, you'll never jump in, because the media almost always gets it wrong. When they happen to get it right, it doesn't last because they're almost always reporting the *trends* incorrectly. Let me give you an example. Back in the 1990s when technology was the investor's promised land, the media pundits didn't get on board until the wave was cresting. If you had waited for the media's blessing to make your move, you would have lost your shirt—maybe you did.

Investing in Abandoned Properties Is a Public Service to Your Community

Beyond the obvious financial benefits to you, there's another excellent reason to get involved in abandoned properties: You'll be providing a vital service to your local municipality as well as to law enforcement. Abandoned properties, even those in good condition, are magnets for criminal activity. An abandoned property is a problem for local officials because the windows can be broken out or it can be illegally occupied by people who want to use it as a squatters residence or for drug manufacturing and distribution. Local officials may even be happy to help you identify an abandoned property or to locate the owners of record.

So not only will you be doing yourself a favor from a financial perspective, you'll also be helping to solve the problem of urban blight, doing your part to reduce the incidence of petty and violent crime. As you can clearly see, investing in abandoned properties is a win-win for all parties.

Foreclosures Feed the Abandoned Property Market

Foreclosure doesn't require the active participation or agreement of the homeowner to take place. If a lender has started the foreclosure process and the owner simply walks away from the property, the foreclosure process will still play out. Sometimes there are so many foreclosures that they inundate the abandoned property market. As crazy as it might sound, at times lenders will take on so many of these properties that they can lose track of what they own!

A good example of this is one of my first abandoned property deals. Even though the numbers on this deal do not reflect current prices, it's important that you grasp the principles I'm illustrating. While the prices and profits on abandoned property investing may change over the years, the principles pretty much remain the same.

Years ago, I was driving down Wilmington Avenue in Los Angeles, when I looked up and saw an apartment building that had been abandoned and was all boarded up. I wrote the address down and pointed the car towards home. Back at my home office, I began to research the address and soon discovered that it was a four-unit apartment building. Each apartment had two bedrooms and one bath. The property had already gone through the foreclosure process and had been taken back by a bank in northern California.

When I contacted that bank, they said they didn't have a record of owning this property. I gave them the street address and the loan information I had discovered, and asked if they would please research the property because I knew that they had taken it back; perhaps it just hadn't surfaced yet. Two days later, they called me back to tell me what I already knew.

They had already held the property for two years after foreclosure, and the building had become abandoned. I said I was very interested in it and asked how I could go about buying it. They told me they had a real estate broker in Marina del Rey near Los Angeles, which was a lot closer to me than their office in northern California, and suggested I submit an offer to him. Funny how one minute they were unaware that they even owned the property, and now there was suddenly a broker involved.

I contacted the property broker, told him I wanted to submit an offer on the building, and asked if they had received any other offers. The broker said they had received six offers in addition to mine, which was $75,000. I was incredulous. Until two days prior, nobody seemed to know that the bank even owned the property; suddenly there were six offers on it.

I smelled a skunk, but I couldn't prove it. I suspect the broker probably called some friends and said, "Hey, I have a great deal for you! The crazy bank didn't even know they owned it; it's an abandoned property. They got it back in foreclosure, it's a four-unit apartment building. It's a really sweet deal. I've only got one offer on it for $75,000."

I opted to play it smart. I decided I'd ask two strategic questions: "Are bidders going to receive counteroffers?" The answer was yes. The next question: "Will you be fair and counter everybody with the same price?" When he answered in the affirmative, I sighed. It was a start, at least. The bank's counteroffer was $80,000.

It suddenly occurred to me that I needed to be creative and think outside the box. I needed to come up with a strategy that would give me an edge over my competition—sometimes that's all you need to be the winner. My competition knew this abandoned property was a good deal. They would probably be so excited when they received the bank's counteroffer that they'd just sign it and submit it as soon as they could.

I was smiling when I wrote at the bottom of the offer, "Buyer is willing to pay $82,000 for subject property." I was fairly certain none of the other offers would be more than $80,000. If the other parties simply agreed to the bank's counteroffer, I had a high degree of confidence that an $82,000 offer (which was beyond the bank's $80,000) would be enough to put me over the top.

Here's why: I knew that all the offers and counteroffers had to go back to the bank in northern California, and I knew what the bank officers were up against. They were interested in dollars, so they would sell the property to whoever could give them the largest net. At the same time, I also knew that there weren't very many investors who were willing—or able—to think outside the box, so I had a very good chance of getting the property.

Sure enough, the bank awarded the property to me. My wife and I kept that property for many years, enjoying a positive cash flow every month. We eventually sold it for a tidy sum.

Do you see the potential here that an abandoned property represents? It's difficult to wrap your mind around the idea that a concept so simple can have such massive implications! When you add the power of foreclosures into the mix, it borders on unbelievable.

Don't be concerned that you don't know enough about abandoned property. I'll teach you how to approach the owner—and how to successfully negotiate with the owner. Regardless of the real estate market cycle or economic climate you might find yourself in, you're going to be amazed at the consistent investment opportunities that abandoned properties represent.

I'm going to give you the specific nuts-and-bolts skills to make this work. It may seem a little overwhelming, but I want you to realize it's not difficult. Anyone, regardless of their educational background—or financial situation—can succeed in abandoned property investing. It doesn't matter whether you're brand-new to real estate or if you've been around the investing block before. What matters is that you have the desire to learn and the heart to succeed. By combining these two qualities you're going to be unstoppable in your quest to become financially secure. In time, when you follow my program, you will become successful.

One of my students, Gary Hoskins, is a prime example. Gary has been investing in abandoned properties for many years now, and he's made a fortune doing it. I'm going to take you back to the very beginning of Gary's abandoned property investing career, in hopes that you will realize that a novice investor who decides to specialize in abandoned properties can do extremely well for himself.

When Gary came to me, he had no prior real estate investing experience and he had no money. All he had was a dream to improve his life and $20 for one of my real estate information seminars. He walked into that seminar with a quarter-sized hole in the bottom of one of his tennis shoes. He walked out with a plan for turning his life around by investing in abandoned properties.

Gary still had no money, but he figured the money would come when he found a property, so he started looking. Very soon he found one. After locating the owners and some haggling over price and terms, he discovered they would sell it to him for $80,000. The catch was that he had to come up with $6,000 in cash. Gary left that meeting with the sellers feeling a little demoralized. He didn't have any cash or any way of coming up with it. He began to fear that his dream might not come true, at least not right away. He didn't own anything worth selling, and because he was on temporary disability, he couldn't work overtime at his job to earn the money he needed. Gary decided to sleep on it. Maybe the answer would come to him while he slept.

The next day Gary was telling a few friends about his dilemma. Three of them had some cash, and the fourth had a car he wasn't driving; he had been planning to sell the car so he could repair the roof on his house. After a little thought, Gary had an epiphany: If the friend could sell the car for the cash needed to help invest in the house, there would be enough money left over for the materials needed to repair the roof! Since Gary knew how to do the roofing repairs, the friends could all work together to fix the roof and then to renovate the abandoned property. He cobbled together a partnership and his friends ponied up the cash—$1,500 apiece.

They had a house and the potential for a good payoff when the property sold. Now they needed to get to work on repairs and renovations. It was Gary's first investment, so he played it safe by being very liberal in his estimates. He estimated repairs would cost $13,000, but with some creativity on his part, he was able to come in almost $4,000 under budget. He got many of the supplies he needed at a large discount by purchasing closeouts and discontinued items. There was nothing wrong with these items, and since he was already getting contractor pricing, he saved even more.

Because he had to make repairs mainly on weekends and during the evening after he got off work from his regular job, it took about five months to renovate. He was able to make steady progress every day and he grew more and more excited as he checked each item off his list. Finally, it was done.

Here's how the financials on his first deal broke down: He bought the house for $80,000 by giving the owner a $6,000 down payment. Repairs were just under $10,000. The house sold very quickly for $140,000. After expenses, that initial deal netted the fledgling business partners a profit of $50,000!

They weren't done yet. Driving home from the closing, they saw another property that looked like a good possibility. When he made contact with the owner, Gary negotiated a subject-to sale for $145,500.

Here's an interesting side note. Gary was learning to do no-money-down abandoned property deals, and subject-to was a strategy that this deal cried out for. Gary's attorney was drawing up the contract for him, but when Gary introduced the idea of subject-to, it caught her off guard. The attorney did not understand the concept of subject-to. She was careful to inform Gary that this did not mean the technique could not be used; she simply needed to learn more. Gary called me from his attorney's office, put her on the phone with me, and I explained it to her. Once she understood the strategy, the deal was on. (In Chapter 8

I explain this technique, as well as others.) After remodeling and expenses, they were able to sell it for $342,000! In just a few months they turned a profit of $96,000.

Gary knew at this point that he had found a new career. It had become more lucrative for him to invest in abandoned property than it was to work at his regular job. It was time to make the leap.

To celebrate, he surprised his girlfriend by flying her to Maui for a fantastic vacation. Gary told me the beaches were beautiful and it was easy to enjoy the surroundings as someone who could now afford some of the finer things in life. And he bought a new pair of shoes!

How I Got Started

It hasn't been all that long since I was a beginning investor in abandoned properties. But you have an advantage that I didn't: You have a book to guide you and to help order your steps. Much of what I've learned I had to learn through trial and error.

When I was younger, I decided I wanted something more than just a job. At that time I was working a bunch of dead-end jobs. I lived in a very poor part of Los Angeles, California, a high-crime area where witnessing criminal acts was a routine event.

A police officer once told me, "You know, son, you live in one of the worst parts of town. The safest thing to run through your neighborhood is a speeding bullet."

When I was 17 I dropped out of high school. I had made it to the 11th grade when I decided I needed to help my mom by quitting school and getting a job. I thought I could best accomplish this goal by bringing money in from whatever menial job I could find—and I found a lot of them. I worked as a service-station attendant, a welder, a machinist, and a mechanic. I really didn't care what the job was or how backbreaking the work was; I just wanted a paycheck at the end of the week that I could take home to my mom.

Then I got what I thought was my lucky break: I landed a job at the local phone company. They hired me even though I hadn't graduated from high school, and I felt fortunate to finally have such a good job. I stayed with the company and worked hard for 18 years, eventually reaching the point where I was making $3,000 a month before taxes; after taxes, I probably netted around $24,000 a year.

Yet it just wasn't enough to meet my needs. I could not pay my bills. I needed much more than what I was making. By then my wife and I were just barely getting by financially. I was fortunate enough at that time to have a couple of cars, but unfortunately they were both wrecks and undependable. Since I got paid every two weeks, I frequently found myself a week away from payday, with both cars driving on fumes and less than two dollars in my hip pocket. Not only did I need a change—I was *committed* to making a change.

Little did I know my life was indeed about to change—for the better. I came home from work one evening, dog tired as usual. As I was watching TV, an infomercial came on. The man in the infomercial said, "Hey, I teach real estate, and I'm going to be in your city. If you will come to my seminar, I'll teach you how to make more money in your spare time than you can make in a full-time job." As I watched, I got more and more excited. I decided then and there that I really didn't have anything to lose.

I went to that seminar. I sat there and I listened and I learned about real estate. I learned how I could not only make money but, more important, how I could legally keep the money that I did make, thanks to real-estate-friendly provisions in the IRS tax code.

I realized this was a better way. It sure beat the heck out of what I had been doing. I became a sponge for knowledge. I found a way to purchase the home-study course they were selling at the seminar that day.

Now, I didn't have any money. As the saying goes, I was so broke, I couldn't afford to pay attention. What I had was a commitment to my future, and one thing I found out was that when you have a commitment, you find a way. I was so very committed that a way found me—an investing partner.

We decided that, since my partner had more financial resources than I had, my partner would front the money for that single home-study course. We took diligent notes; we listened to the tapes; we read the books; and we even made a detailed outline for the future. We did something that many other people who go to seminars don't do: We took action. A lot of people just sit there like a bump on a log, won't take any action, and barely even take any notes, but we took action.

Within six months I was making $4,000 a month from my real estate holdings, and, not too long after that, it skyrocketed to $42,000 a month. But that first $4,000 was the sweetest to me because it represented true financial independence.

I was still earning $3,000 a month on my job at the phone company. To make that much I had to spend 8, 10, and sometimes even 12 backbreaking hours, five and six days a week. All of a sudden I could lie in my bed and sleep all month long and still bring in $4,000 a month. I didn't have to do much of anything for that money to come in. I'd manage some tenants and the money would just show up every month. I began to realize that I was on the right track. The stories I'd heard about real estate were not only true, but they were working for me every day, every month. I was hooked.

It occurred to me that I needed to find a way to leave my job at the phone company, because by this time I was making more part-time investing in abandoned properties than I was making on my full-time job! I remember telling my co-workers, "Man, I'm investing in real estate now. You guys should come to a seminar with me and learn about this wonderful thing because it's going to change my life. And as soon as the phone company starts to get in my way of making more money, man, I'm out of here; I'm walking."

Immediately, my friends all turned on me. They said, "Reggie, that's stupid. That's dumb. You can't change your life like that. You can't get rich in real estate anymore. You can't do no-money-down deals." They had bought into the notion that there's no such thing as a win-win deal. If somebody wins, somebody else has to lose. That may be true in football or baseball, but in real estate I had learned to put together win-win deals in which everybody wins.

I made a decision, and I encourage everyone to make the same decision: Don't trust your future to the financial advice coming from your broke friends. If they don't have any money and you follow their financial advice, you're going to end up exactly where they are! I decided then that I was only going to listen to successful people. I figured if I wanted to become a multimillionaire, I had better be listening to multimillionaires. They would probably have the insights I needed to become one of them, part of their exclusive club.

I went ahead and gave notice to my boss. Now I had no choice but to kick myself into high gear and prove that my reason for quitting wasn't a fluke. I had to prove that I could go out there and do real estate deals whenever I wanted to. More important, I had to prove to myself that quitting a stable job of 18 years wasn't a mistake.

It was kind of scary. There I was, listening to tape after tape and reading books and listening to a ton of good advice from multimillionaires. But two weeks later I was still looking for a profitable deal, and couldn't seem to find any. Then, on one of the tapes I was listening to, this multimillionaire sounded like he was talking directly to me. It even sounded like he said, "Reggie, listen to me! I want you to tell everybody you know that you are now investing in real estate."

Well, I was done listening to my broke friends. I was listening to this millionaire, and I took his advice. I told everybody I knew that I was investing in real estate since I quit my job at the phone company.

About a week later, I got a call from my cousin, Greg, who said, "Hey, Reg, I hear through the grapevine that you're investing in real estate nowadays. Maybe you should come over to my neighborhood because there's this great property that's a little beat-up, a little run-down, but maybe you can do something with it." I got in my car and I shot over there like a bolt of lightning.

What I found turned out to be the first abandoned property that I ever invested in. The windows were all broken out; the door was hanging off its hinges; there were even holes in the side of the building. The grass would have been overgrown, but it couldn't grow anymore because it was dead! When my wife and I first looked at that property, we thought, "Oh, my goodness, what can we do with *this*?"

My training in those seminars had been like going through boot camp. We had educated ourselves by listening to tapes and reading books, so I realized this was a diamond in the rough. This was exactly what astute investors looked for: a property that was distressed and an owner who was highly motivated to sell. We found that owner, learned that he was ready to sell, and I told him that if he would deed the property to us, we would give him $10,000.

Remember, this was our first abandoned property, as you can see from the numbers on this deal. Making that offer was a big mistake. When we said we'd pay him $10,000, he almost jumped out of his skin and asked, "Where do I sign?" That was enough to tell me I was paying too much. I was leaving too much money on the table. I could possibly have given him $2,000 and he would have been just as happy. But we had offered $10,000 because we just didn't know any better.

What we had now was an abandoned property that yielded us, in a month and a half, $43,000. The property had a first mortgage of $19,000 and a second mortgage of $5,000. We gave the owner $10,000 for the deed, so that's $34,000 so far. We then spent about $7,000 to fix it up, so now we're in it for a total of $41,000. We sold it for $84,000, making a profit of around $43,000. If we had not been so new at this, we would have checked the value of comparable properties (comps) and learned that we could have sold it for $125,000, which would have been a profit of around $84,000.

We left $41,000 on the table because of a lack of knowledge. However, for a kid who had never finished high school, who had dropped out in the eleventh grade, who had just quit his job at the phone company after 18 years when he was making $36,000 a year, this looked like a great opportunity. This abandoned property opportunity just fell into my lap. Before I even knew what I was doing I had made $43,000, and I had made it within a month and a half! I consider the $41,000 that I left on the table as the tuition that I paid to learn a lesson about comps.

The Beauty of Abandoned Property Investing: Very Few Competing Buyers!

When we did this deal, my wife and I learned an important lesson. We now knew that you make money buying distressed properties from motivated sellers. This property was highly distressed. The owner was highly motivated. But the situation lacked one element that was present in every other strategy we had ever tried—it lacked competition.

See, nobody knew anything about this property at all. It wasn't listed in the multiple listings. There were no ads running in the newspapers. There was no sign out in front of the building. Nobody knew anything about this property at all, except my cousin, Greg, who told me about it.

Since then, I've made millions of dollars working the principles and techniques that I share with you in this book. I know this system works because I live it every day. But it hasn't worked just for me. Hundreds of other people have replicated my success by investing in abandoned properties. And that is probably the most satisfying element of what I do: seeing my students succeed.

Jonathon and Maryann Scott came to one of my abandoned property seminars. Maryann had just retired after many years as a schoolteacher and she was hungry for a new career. She had looked into her job prospects in a number of different fields and decided she really didn't want to be an employee anymore. She and her husband wanted more for themselves and more out of life than what punching a time clock offered. They took my training and began to invest in abandoned property. They took action.

Instead of doing what so many people do—which is basically to read part of the text, shrug their shoulders, and say, "That could work for someone, somewhere, but probably not for me," and then toss it on a shelf—they studied it and took action. They genuinely wanted to know how to change their tomorrows.

As Maryann said, "I followed Reggie's advice and found several abandoned properties. They're everywhere, just like he said. We were getting excited because we just knew we were going to be successful with this!"

They finally settled on a property they had seen earlier. It was a former model home that needed only a few repairs. As novice investors, they wanted their inaugural real estate deal to be one that wouldn't be labor intensive or require a lot from them in terms of creativity and renovation. Because this property seemed to fit all of their parameters, they decided to go ahead with their offer. But before they could make an offer they had to find the owners.

The Scotts quickly found, through simple online research, that the house had recently been taken back by the bank in foreclosure and wasn't listed by a Realtor. This deal is a prime example of a key principle that I teach. Foreclosures actually *feed* the abandoned property market. So they contacted the owners (the bank) and submitted an offer for $127,000.

Predictably, the bank rejected their offer. They said they couldn't possibly accept less than $155,000. The Scotts were a little gun-shy about getting in quite that deep, so they opted instead to counter the bank's offer with a bid of $135,000. Now it was time to wait. And wait. And wait. But the Scotts weren't nervous.

"The suspense of waiting to hear what the bank would say was so exciting!" said Maryann. "Then, finally the bank called and said they would accept our offer. I couldn't believe it! We got the house! And for a good price!"

Adhering to the theory that you only get one chance to make a good first impression, the Scotts immediately began sprucing up the outside to create an interest in the property. A property that looks good on the outside will spark interest in what the *inside* will look like. Anticipating huge profits, the whole family chipped in on sprucing up the property. They reseeded the yard and did some minor landscaping work. They spent $46 repairing the automatic sprinkler system and let nature do the rest while they got to work on the inside.

They repainted the interior from one end to the other, installed new carpeting, and added linoleum in the kitchen and bathrooms. Knowing that sometimes the simplest details can make all the difference in the world to a prospective buyer, they added new light fixtures and cabinet handles to give the home a more polished look. Finally, after two months of work, they were ready to see how fruitful their labors had been. They carefully placed an "Open House" sign in the front yard and waited anxiously for their big day to arrive!

On the day of the open house, dozens of people showed up, and they quickly sold the home for $209,000. They had succeeded on their very first abandoned property deal. Even after allowing for the $7,000 they spent on repairs and remodeling, they had managed to turn a profit of almost $70,000 in just over two months.

While they credit their success on this deal to the knowledge they gained with my course, I have to commend them for believing in themselves and taking those first, proactive steps to change their lives. I'm thrilled that they succeeded. And they're not content to stop with that first deal—they're already looking for another property they can buy so they can replicate their success.

The Scotts are a prime example of the success you can have in abandoned property right out of the gate. You learn what you can as quickly as you can, then you wind yourself up and turn yourself loose on the investing world.

You won't know all there is to know when you first start out. A lot of what you pick up will be through practical, real-world experience. I'll help you with the important details, so you can avoid making many of the same blunders I made when I was first starting out.

I got started by following the advice of a multimillionaire who said to let everyone know that I invest in real estate. It was as simple as that. Then the deals started coming to me. I began to realize that there must be other ways to get the deals coming to me, rather than the way that my wife and I were doing it at the time. We would jump in our car, drive up and down streets, and look for signs of abandonment. Then, when we would find one, we would jot the address down and find the information in the public record through our title company.

If you do not have access to a title company, or title information, you can go to wherever public records are kept. That could be the hall of records, the county courthouse, or the like, where you should be able to find the property information you're going to need. However, if you have access to the public record through a title company, this process is going to be a lot easier.

When you get the public record information, you're going to need the name and address of the owner of record. You'll also want information about the property, such as the number of bedrooms, number of baths, square footage, lot size, zoning, and, most important, the comparable sales of similar properties. This way you can better determine the value of the property, which will be extremely helpful when you get ready to sell it. Don't worry—it's easier than it sounds. I explain all of this in later chapters, and in no time you'll feel right at home doing it yourself.

There are a lot of different ways to find the owner of an abandoned property, and I go into detail on how to do that later in this book. Once you find him, you need to find out if the abandoned property is for sale. Frequently you will discover that the owner would love to sell the property because he's paying a mortgage, taxes, and insurance, and there's no money coming in on the property. One of the reasons a person continues to pay on an abandoned property is because he doesn't want his credit to be affected.

Part of the fun of investing in abandoned properties is figuring out what the owners really want and finding creative solutions to their problems. For example, I found an abandoned property at Thirty-Sixth and Arlington in Los Angeles. I tracked down the property owner, who didn't live too far away. I told her I was interested in buying the property. She replied that even though there was no money coming in, she was going to keep it. When I asked her what she was going to do with the property, she said, "I'm going to hold it for my grandson. That's going to be his when he grows up." I asked her how old her grandson was, and she said he was 12.

I was incredulous. I knew that he couldn't legally sign a contract on the property until he was 18, and that was six years away.

That's six more years of deterioration. When the grandson turns 18 he's going to be given a headache. He's going to be given a property that hasn't been lived in for 10 to 15 years. He's going to inherit a financial drain, and it's going to have a very negative impact on his life. I told the owner that the grandson might not even want the property. He could be in college, but he would still be the legal, responsible party. Also, there might be transients or drug users on the property that might cause problems.

I asked her to sell the property to me, and pointed out that she would then have enough cash to purchase a four-unit property that had tenants. When her grandson turned 18, he would already be receiving income from the property. Plus, if she were to buy it now, it would appreciate during the next six years and be worth more when she turned it over to him. Furthermore, if he needed a place to live, he could vacate one of the units, and live on his own property.

I said, "Isn't that a much better solution than to give him *this* property, which will be an eyesore and a headache for him?" She saw the value of selling it to me now rather than waiting six years and dumping it on her grandson.

There are lots of abandoned properties and property owners who need relief but may not know that they do. However, when you are armed with the proper knowledge to do these deals, you can go out and find the people who need your help. You can present them with remedies and solutions to their problems. They will love you for it, and you will make a lot of money.

Now you've had a taste of what is to come in this book. I want you to have all the tools you need to take full advantage of this highly lucrative opportunity. In Chapter 2 I tell you why every real estate investor should be doing abandoned property deals, and I also show you how to combine abandoned property investing with some other types of investing so you can begin to make a lot of money as you build a real estate portfolio and assure yourself of a rock-solid future. It's going to be a wild ride, so let's go!