

## CHAPTER I

# Get Motivated, Set Goals, Get Started

**D**o you dream of financial freedom—having all of your bills paid? How about a beautiful second or third home? Does a cruise around the world seem appealing? If this sounds like the lifestyle you could get used to, we want to ask you a question: “What is stopping you?” We’re serious! Why don’t you have these things now? We ask this question each time we teach, but the answers are always the same:

“I don’t have the education.”

“I’m afraid of talking to homeowners.”

“I don’t know where to begin.”

We have fantastic news for you—we’re going to teach you how to overcome fear! We’re going to teach you what to say to homeowners. We will teach you to be successful. We are going to teach you how to become a self-employed real estate investor and make more money than you ever imagined possible. All we ask is that you read this book and do what it says to do.

**Real estate investing is a fantastic way for you to make an amazing living.**

The benefits are incredible:

- Earning great money.
- Being your own boss.
- Controlling your own schedule.
- Making as much money as you want.
- Traveling to exotic locations.

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- Sending your kids to the best schools.
- Taking care of older or ailing parents.
- Retiring early.
- Being able to shop without looking at price tags.
- Buying your dream car or boat or other toys.
- Living in a great house.
- Sleeping late on a Monday.
- Helping others while earning a great living.
- Working with those less fortunate than yourself.

One of our personal favorites is the wonderful feeling we get when we help homeowners out of a bleak situation. Watching them start their lives over with a newfound hope is a wonderful experience, and we're always thankful to be part of it.

When you conduct your business with a win-win attitude, business will follow you everywhere! You will be the investor whom everyone seeks out and wants to work with.

### **A Short-Sale Case Study—with a \$200,000 Profit**

Take a look at what this amazing business has done for Valerie Scott, from Baltimore:

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*Dear Dwan and Sharon:*

*When I purchased your course in late 2002, I had already been investing in real estate for several years. I thought I was doing quite well and had no idea of the impact your material would have on my life and investing career.*

*After glancing through the materials, I put them in a box in the basement to collect dust with my many other real estate books and materials. Then in March 2003, a friend who knew I was an investor approached me about purchasing her property. The property was a pre-foreclosure. I contacted her bank and they suggested I do a short-sale. I panicked. We were in the middle of a snowstorm, and I was unable to contact the few people I*

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*thought could help me. I located the short-sale course among several boxes of books in my basement and quickly browsed through it. I followed the steps listed, using the scripts, letters, and examples as a step-by-step guide. I was able to negotiate a discounted payoff with the bank, locate a buyer, settle the property using a double closing, and make \$25,000 on my very first short-sale deal.*

*Now, approximately five years later, I am successfully doing short-sales in several states. My daughter, Daniela, joined my company two years ago. Our best short-sale in 2007 was a four-unit apartment building located in Washington, D.C. It was a referral from one of our local real estate investment associations. The property was owned by an investor whose real estate agent had unsuccessfully attempted to do a short-sale. Here is the loan information:*

	<b>Principal Balance</b>	<b>Arrears</b>	<b>Total Outstanding Balance</b>	<b>Short-Sale Amount Accepted</b>
First mortgage	\$655,479.79	\$57,074.72	\$712,554.51	\$525,000.00
Second mortgage	\$164,302.72	\$16,193.81	\$180,496.53	\$10,000.00
Total	\$819,782.51	\$73,268.53	\$893,051.04	\$535,000.00

*The mortgage balance was reduced by \$358,051.04!*

*This deal proved to be quite challenging. Our biggest hurdle was convincing the mortgage companies that the value had drastically decreased, since the seller had owned the property for only a short period of time. Also, there were very few comparable properties in the immediate area that supported our offer. As discussed in your materials, Daniela was able to overcome this obstacle by focusing on the condition of the property as compared to other properties sold and by presenting local newspaper articles about the declining market conditions in the D.C. area. She also*

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*discussed how the property had previously been listed at market value but the real estate agent was unable to sell it.*

*Other major issues included holding the buyer until the short-sale was completed, along with title seasoning. Daniela continuously kept in touch with the buyer's agent. She provided an estimated short-sale time line and frequent status reports. Also, although we received multiple contracts on this property, we selected our buyer according to the seasoning requirements of the buyer's lender.*

*After two broker price opinions (BPOs), one appraisal, the buyer changing lenders twice, and using the "one more call to the lender" technique from "Short-Sale Secrets," Daniela was able to negotiate \$358,051.04 off the outstanding balance owed to the seller's lenders, thus making the short-sale purchase price \$535,000. We sold the property to the end buyer for \$800,000 via a double closing. After all expenses, our net proceeds from this deal were \$210,269.94! We purchased building materials for \$10,000 from the seller, which he had previously brought to rehab the property. The seller was very thankful for our assistance and stated that prior to our involvement, this had been a trying and frustrating situation (see his e-mail letter thanking me, which follows).*

*We attribute our success to educating ourselves about pre-foreclosures and the short-sale process, which enables us to better serve our clients and community. We treat each homeowner with respect, care, and compassion. It is part of our mission to be a blessing to others as you have been a blessing to us. Thank you for providing us with the knowledge and tools needed to create financial wealth for our family and future generations.*

*Valerie Scott and Daniela Jones  
Mortgage Debt Solutions LLC*

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Is that a great letter or what? Did you notice the paycheck? \$210,269.94! If that doesn't get your attention, we don't know what will. The greatest part of this deal is that Valerie and Daniela

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helped a very distressed homeowner. In fact, the seller wrote them a thank-you letter, which they graciously allowed us to use in this book:

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*Dear Valerie and Daniela,*

*I just wanted to take the time to thank you for helping me sell my four-unit building in D.C. This was a very trying experience for me. By the time we met I was very frustrated. My property had been on the market for six months.*

*I was working with a Realtor who claimed she knew how to work a short-sale but at the same time was relying on me (someone who knew nothing about short-sales) for advice. After I contacted the local Real Estate Investors Association (REIA) groups, John P. put me in touch with you. That call was the best thing that ever happened to me. It was clear from the first conversation that Valerie understood my situation and knew how to proceed. Unlike the other Realtors I met who knew nothing about short-sales, Daniela was well informed and in turn kept me informed. I never felt like I was in the dark on the sale. Each document was explained to me until I understood what I was signing. Calls were always returned promptly. It took a few months to close, as you said, but it's over. The building has been sold and I can go about repairing my credit. Thank you for saving me from having a foreclosure on my credit report. Negative comments never seem to go away. Foreclosures can live for up to seven years on the credit report. I can't thank you enough for saving me from that. I appreciate all that you've done for me and would tell anyone facing the same situation to give you a call.*

*Thank you,*

*Stacey, a very distressed seller*

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Wow! What a great thank-you letter. If you ever wonder that you might be taking advantage of distressed sellers, keep this letter in mind. As you can plainly see, we are a true blessing for homeowners in trouble and offer a solid solution to a problem that sellers have no

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idea how to get out of. Are you beginning to see why we love this business so much?

### Getting Motivated

So, what does it take to get started? *Motivation* is a great place to start! Motivation is the key to getting started. Many people only talk about doing something with their lives rather than taking action. We want you to actually do something with yours!

Starting something new is difficult for everyone. We know, because we were once where you are right now. However, we were more afraid *not* to try something new than to actually *do* something new. We knew that we did not want to continue the life we were leading.

- Working for people we didn't like.
- Having no real money to do anything.
- Being on a nine-to-five schedule.
- Having no vacations.
- Lacking a sense of accomplishment.
- Being told what to do all day long.
- Having no retirement in sight.

We believe that opportunity does not “knock,” as many people say. Opportunity is around you all the time. It is up to you to recognize it. You have an amazing opportunity right now—to become financially free while helping people out of trouble. What will you do with this opportunity? Seize the day or let opportunity pass you by? We're betting you will seize the opportunity before you and change your life.

It is important to understand that deals are not found; they are made. You have to be willing to work and think outside the box. You must be creative when putting your deals together. Being creative in this business means structuring deals in a way that is often different from the way conventional real estate agents structure their transactions. By working creatively with homeowners, mortgage brokers, and real estate agents, you can put deals together that are outside the normal way of thinking (but are legal), and help more

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buyers get into homes they may not have been able to buy without your help and creativity.

We focus our business on people who are in distressed situations—divorce, loss of a job, a recent death in the family, increased mortgage payments due to an adjustable-rate mortgage, and much more. Because of this, most of our transactions are creative. Our goal is to create a win-win situation for everyone involved. If you help enough people get what they want, you'll get what you want, too.

### Setting Goals

We really want to help you achieve your financial dreams and goals! However, to achieve a goal, you have to have one, and *it must be in writing*. Writing down goals is a big obstacle for some people. If this is the case for you, just ask yourself, "What is the worst thing that can happen?" The worst thing that can happen is that it will . . . come true!

Did you know that only 2 percent of people in the United States write down their goals? Isn't that shocking? Folks, without written goals, you won't succeed. We want you to be a superstar investor. As you become more successful, you can always change or modify your goals—in fact, *make them bigger!*

#### ***Without goals, you dramatically limit your success.***

Include in your goals the specific steps that you are going to take to achieve them. For example, if your goal is to lose 15 pounds, how do you plan to do it? Write down the necessary steps:

- Go to the gym three times per week.
- Cut calories for all meals.
- Don't drink alcohol.
- Replace one meal with a weight-loss shake.
- Commit to doing this for 60 days!

This step-by-step process makes your goal realistic and attainable.

*We want you to be a superstar!*

Make sure your goals include the five equities of life:

1. Family.
2. Spiritual well-being.

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3. Physical health.
4. Mental health.
5. Financial well-being.

The five equities of life are what make us who we are. It is important to keep balance with all of these:

- If your spiritual life is great, but your physical life is a mess—you will find it more difficult to reach your goals.
- If your financial life is great, but your family life is a mess—you won't enjoy the money.
- If you have old baggage hanging around—get rid of it today!
- If you are depressed over your lack of money—change your mind-set now.

We realize that doing this may be harder than it sounds; however, you *can* do it. You have to make the effort to have balance. It doesn't just happen. Schedule time for the gym, your children, church, spouses, and so on.

*Strive to keep all areas of your life balanced.*

Run your life as if it were a business, starting with one week at a time.

- **Monday**—walk for 15 minutes.
- **Tuesday**—attend a short moneymaking seminar.
- **Wednesday**—call your parents or family.
- **Thursday**—spend one hour reading a self-improvement book.
- **Friday**—take your kids to a movie.
- **Saturday**—walk for a half hour.
- **Sunday**—attend church.

Part of your daily goals should be to read and reread this book, and do what it recommends that you do. People fail because they try to do everything at one time. They decide to join the gym, quit smoking, diet, and spend time with family—all at the same time. They set themselves up for failure this way. Just make a small change each



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day. After 21 days, that small change will become a *habit*. After another 21 days, it will become a *lifestyle*.

We all have the same excuses for why we fail: We are too tired, we work too many hours, we can't fit anything else into our lifestyle and schedule. Folks, you are the *only* person holding yourself back. We know balance is tough when you are juggling so many things at once, but we have become masters at balance! We use schedules for everything from time with our families and friends to time off to relax. It is easy to do. Most of you schedule your day at work, but at night it becomes a free-for-all. *Organization is key to your success.*

We recently asked students at one of our boot camps how many of them wanted to make \$100,000 or more this year. Every hand went up. Then we asked them how many had written goals and a plan to get there . . . and most of the hands went down. Without a written plan, how do you possibly expect to become successful?

Here is an example: If you want to make \$100,000 this year, you must plan to speak with X number of homeowners each month. Out of that number, you must plan to put together X number of deals. Out of those deals, you must plan to make X amount per deal.

If you put this in writing and stick to it, you will be able to achieve it. Why settle for \$100,000 per year? There is no reason you cannot make a *million* dollars per year! We have many students who earn well over a million dollars each and every year. We want you to be one of them.

### Millionaire Mind-Set

Write down your goals and look at them each day.

Measure yourself against your goals.

Keep track of what you have accomplished.

Treat real estate investing like a business, not a hobby.

### Accomplishing Your Goals

It is a good idea to write down your goals on a piece of paper and keep a copy in a binder, as well as taping them to the bathroom mirror. This way, you will look at them daily. Sit down at the beginning of every week to see what you have accomplished, and then decide what needs to be moved to the next week. By keeping your goals in

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a binder, you can track how far you have come toward attaining your goals. We meet every week to discuss our goals from the previous week, to see what we have accomplished and to see where we need to focus our attention for the following week.

We each have weekly, monthly, and annual goals. Ninety percent of the time, we reach at least one goal that we write down. We write them down and read them daily.

### **This Is a Business, Not a Hobby**

Whether you plan to invest part-time or full-time, take this very seriously. Use your time wisely and stick to a game plan. This is not a get-rich-quick business. You have to work smart, stay focused, and help people out to make money doing short-sale foreclosure investing.

One way you can work smarter is to set a daily schedule for yourself. If you know you have to call 10 people to get one appointment, or knock on five doors to see one homeowner, schedule your time so that you can accomplish these things—and stick to it!

If you are still working your full-time job, then schedule a set amount of time each evening to devote to this business. Maybe you set aside one hour per day and a few hours on Saturdays to do what is necessary to accomplish your weekly goals. When you set aside that time, be true to yourself and stay focused.

Start by seeing one homeowner each day on your way home from work. By seeing just five homeowners per week, that will be 20 per month, and that is 240 per year! With 240 homeowners under your belt, you can't help but make money! Even though it may seem as if you don't have a lot of time to devote to this business, you actually do. Likewise, if you are working full-time as a real estate investor, stay focused and stay on schedule.

### **Dealing with Naysayers**

How do you keep a crab in a bucket? Put another one in with it. Seriously, one crab can climb out of a bucket, but two crabs can't. As one crab gets close to the top, the other crab grabs it and pulls it back down. Who, in your life, pulls you back down every time

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you try to get ahead? Come on . . . we all have a crab in our bucket. Hey, wait a minute—*you're* not the crab, are you? Just kidding. You wouldn't be reading this book if you were.

Family and friends mean a lot to us, and their opinions can influence our decisions. You may even take their comments to heart and start believing what they say to you. Negative people say things like:

- You don't have a real estate license—how do you plan to be an investor?
- You don't have any money to do this business.
- You didn't go to college; what makes you think you can do this?
- What makes you think you will be successful when so many other realty agents and investors fail?
- You are a single parent—how do you expect to find time for this?
- You need to get your head out of the clouds and find a real job.
- You will fail, and then I'll have to say, "I told you so."

The people who care about you truly feel they are trying to help you avoid a bad situation. They convince you that you are being ridiculous for wanting to try something new, and their protest along with your inner self-doubt stop you from pursuing your goals and dreams. Don't listen to them or your inner voice. There is really no such thing as security anymore. How long will Social Security be available to Americans? How long before you are downsized? We all know how unreliable the term *job security* is.

We only believe we have security because we are not seeing behind the scenes. Does my boss *really* have enough money in the bank to cover my next paycheck? If so, for how long? Is management thinking of replacing me with someone younger and cheaper? If you rely on someone else for security, how secure is that? You need to be accountable for yourself and create your own job security.

Besides, do you really want to take advice from people who are making barely over minimum wage, telling you that you are ridiculous for trying to make it on your own? Or would you rather listen to someone who has ventured out herself, and has become successful? The answer to that question is easy. We both ventured

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way out of the box and became wealthy along the way. Our goal for you is to do the same thing. Won't it be great to be wealthy? Just think of all the great things you can do.

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### **Personal Encouragement from Dwan**

I have had many jobs I didn't like. In fact, I was fired from Denny's! As I was walking out of the building, I looked back at the Denny's sign and I remember thinking, "Who gets fired from Denny's?" It was a humbling day. Even after that, I continued to work for others. I did not have the confidence to venture out of my comfort zone . . . yet. Once my daughter was born, everything changed. My desire to give her a better life gave me the courage I needed to step out of the box and try it on my own. I encourage you to make the step now toward self-employment while things are good. Don't wait, like I did, until you are in a tough situation. It is a lot easier to be successful when you are thinking clearly and making a solid decision. If you are in a tough situation, then just suck it up and make the move—you'll find success just like I did.

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### **Personal Appearance**

In this business, it is important to be professional, but not intimidating. Pay attention to what your clothes communicate about you.

If you speak to distressed homeowners, a suit would be intimidating and would make it difficult to gain their trust. Wear a sport shirt with khaki pants or another casual outfit—something that portrays comfort. You want to be approachable and trustworthy, and always wear a smile!

Of course, there are times when you don't want to come across as too casual, either, such as when you speak with bank representatives or go to a closing. In this scenario, you want to be taken seriously and need to dress the part of the well-informed, successful investor.

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### Setting Up Your Office

When you first start out in this business, it is common to get overexcited and try to “buy the ranch before you know if the crop will grow,” so to speak. Remember, when starting out, it is okay to keep your costs down by working from home and purchasing equipment as you close deals. Don’t overextend your budget and end up scrambling to pay your bills. When this happens, you become as desperate as your sellers.

People need to be able to reach you in this business, and a *cell phone* is ideal. You can forward your home line to the cell phone, and therefore be accessible at all times. This is especially important when you run your ads, as it doesn’t make sense to spend the money on advertising and not be reachable! When distressed homeowners finally get the courage to call, many times they will just hang up rather than leave a message if you don’t answer right away. We can’t stress this enough: *Be available!* One way to help determine which calls are coming in is to assign different ring tones for different callers such as “unknown” or “friends & family” or “business associates.” This way you can effectively answer each incoming call.

It is not necessary to get a separate business line when starting out, as they are much more expensive than home lines or cell phones.

On the flip side of this coin, having a *dedicated fax line* is recommended when you start out, as it gives you more credibility with business associates. It also allows you the flexibility to conduct business at any time of the day or night. It may also be a good idea to have an 800 number for your dedicated fax line if you plan to conduct business in an area with multiple area codes, or handle out-of-state transactions.

There aren’t very many people out there who don’t know their way around a computer. This is another must-have when setting up your office. However, if you already own one, it is not necessary to go buy the newest model on the market. Besides, by the time you leave the store, it will already be outdated! Use your PC to create your own marketing materials in the beginning.

Remember, though, to promote your business at every meeting or event you attend. We even take it one step further—we speak with total strangers and promote our business that way as well. You never know when someone will know of someone else who needs help!

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We have a line of clothing, Certified Investor Gear ([www.certifiedinvestorgear.com](http://www.certifiedinvestorgear.com)), which we often wear. We have polo-type shirts, baseball caps, jogging suits, and more that state “I Buy Houses Cash” in bold letters. Every time we wear the clothing someone stops us to ask what the “I Buy Houses Cash” means. We get new students and deals galore just by making sure people know what we do.

We get testimonial letters all the time from students who have gotten deals at Blockbuster, at the car wash, and more. Make sure people know what you do. You walk past people all day long who could use your help, if only they knew you could help them. Become a walking billboard for your business.

Advertising pays!

Having a home office has definite benefits:

- Tax write-off.
- Convenience.
- Cost savings.

However, you may not want to use your home address as your business address for your marketing. We recommend retaining some privacy and utilizing a shipping office or post office box to receive your business correspondence. Another benefit to utilizing this option is that these stores typically will have a fax machine, and sometimes will provide administrative services as well.

### Structuring Your Business

There are many ways to structure your business, including a sole proprietorship, an S corporation, a partnership, or a limited liability company. Consult a team expert (tax adviser or attorney) to help you decide which is best for you. There are different tax laws and legal implications with each, depending on the state you do business in.

*There is a difference between an accountant and a tax adviser.*

An accountant is someone you meet with once a year to prepare your taxes, not to make adjustments to your business plan/structure. A tax adviser is someone you meet with throughout the year as you are earning income. The tax adviser can rearrange deductions based on your fluctuating income. It is important to understand your business goals when determining which entity is best for you and to relay

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your business plan to your adviser. This will better prepare you for year-end taxes and not surprise you with an unexpected expense due to the Internal Revenue Service.

If you are fortunate, you have found a tax adviser and an attorney who are versed in real estate practices. Meet with your adviser several times a year, and know that things will change as you progress. It is not necessary to know all the tax laws, but you want to work with someone who does!

*Partnerships* can be tricky. The old adage “Don’t mix business with pleasure” is a strong statement. Regardless of your take on this saying, it is always wise to *put everything in writing*. If you choose the partnership route in your business, you will need a *partnership agreement*. Even if your partner is a family member or friend, or even your spouse, put all details of your intentions in writing. Everyone gets along great in the beginning when excitement is high, but not designating responsibilities can often break up a partnership. Discuss sharing the profits and the losses. No one ever anticipates losses when starting out, but you need to be prepared. If everything is in writing, you should make it through just fine.

Having a new partnership is a learning process. Not only are you learning the business, but you are also learning to work with one another, not to mention that the business will continually evolve over time. Learn your strengths and your partner’s strengths, and determine which task is better for whom.

We consider ourselves lucky to have a partnership that has lasted over 15 years. We attribute our success to long talks, similar goals, and lots of meditation. With the right person, you could have a lifelong partnership as well. However, it is not necessary to have a partner to be successful. We both started out alone and did very well; we met, and decided to become partners after a year of doing deals together. Neither was looking for a partner. Once we got to know each other, we were smart enough to realize that if we put our heads together, we could make more money. That’s exactly what happened!

Once you have determined the business entity that best fits your goals, you need to secure your business with a *bank account*. We highly recommend opening an account that is separate from your personal account, even if you are doing business in your own name or purchasing your first home. This method will make your record keeping much cleaner and keep your budget in line, as you will

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know exactly what your expense-to-income ratio is. This will also help you better determine your business plan and to see if you are on track with your business goals. Once you have opened your account, establish rapport with the bank representatives to prevent long holds on your deposited checks.

### Ready to Do Business

*No matter where you are, be prepared to do business at any time!* Carry a satchel or briefcase with you that contains all the forms you will need should you run into a deal on the road. Other items you will want to have with you are:

- Blank contracts and other forms.
- Blue ink pens.
- A calculator.
- Business cards.

**TIP:** Do not to quit your full-time job until you are truly prepared for conducting business.

It is difficult not to get excited when a deal closes, but it may take you several months to find another one and close it. This is a fluctuating business that gets better as you gain experience, but newcomers should be patient in their desire to jump in with both feet. Don't be overzealous and end up in foreclosure yourself! If it took a month or two for a paycheck, do you have enough in reserve to fall back on? Get a few deals closed and build up a cash reserve, and then . . . go for it! Investing should be fun, not stressful.

Your success depends on how smart you work. You have to keep yourself motivated and dedicated to doing this business or else there won't be an income. It is very easy to decide not to work a day for whatever reason, but that is one more day that won't bring in a paycheck. Don't waste your time during the week on nonproductive tasks, only to realize that it is the weekend and you haven't looked



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at any homes or spoken with any homeowners. It is very easy to get sidetracked when you don't have a boss breathing down your neck! You are your own boss now. Work like you would expect your best employees to.

***Treat this adventure as a business . . . and it will treat you like a king or queen!***

Being your own boss means that you have to be disciplined, be organized, and have written goals that you follow up with daily. Plan your day and stick to the plan. It is easy to decide to make calls the first two hours of the morning, but then start answering the phone instead and get sidetracked. Making those calls is what will get your foot in the door, so devote a certain time of day each day to do nothing but call homeowners.

