Massive Passive Income Creator

Dave Lindahl's ™
Fast-Track System For
Real Estate Profits

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Adapted from a Declaration of Principles, adopted by a committee of the American Bar Association.

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Introduction

I want to thank you for taking the time to read this book. I know you're busy. I know that you're taking time out of your busy schedule to read what I have to say here, so I'm going to make this profitable for you, right up to the very last page. As a matter of fact, what I'm going to offer you is a free recording of a successful student who went from owning no real estate to a year and a half later owning over $1.1 million in multi-family real estate with a great cash flow, doing it all with **no money down.** So stick with me to the end and I will show you how you can get that recording.

I want to show you how to increase your wealth by investing in multi-family properties with the use of market cycles. At any given time your market's going to be in one of the four phases of a market cycle I'm going to show you. Knowing the right strategies to use in any particular phase, you're going to make a ton of money. If you use the wrong strategy in the wrong phase, you're going to lose money. Right now there are a lot of markets that are in the process of a transition. You can make a ton of money in any one of the four phases of the market cycle, even in a very soft market, as long as you're using the right strategies. That's what I'm going to go over in this book.

I'm also going to show you the different advantages of investing in multi-family properties and what they have as an advantage over other types of properties.

Plus I'm going to show you how you can make more money faster without dealing with a single tenant.

You'll see that it's actually going to be easier to buy a three or a four-unit building or even a much larger property. You'll see that it's going to be easier than buying a single-family house.

By the end of this book, you'll see that a bigger property isn't a bigger risk. As a matter of fact, bigger means less risk. That's one of the advantages of investing in multi-family properties. The more units you have under one roof, the less risky your investment is.

I'm going to cover the five steps to financial freedom, which are:

1. How to attract deals. I'm going to give you a very powerful technique on how to go out and attract the deals. That means motivated sellers **come to you.**
2. I'm going to show you how to analyze deals.

3. You'll discover how to invest no matter where a property is in the ups and downs of a market cycle.

4. I'll show you how to create offers with multi-family properties, how to use a management company to manage your properties and where to find the good ones so you can get it done so you're not managing your tenants; and finally,

5. I'm going to give you one or two very powerful exit strategies because whenever you're buying, you should

> know how you're going to be exiting or how you're going to collect that money when you're getting ready to sell.

I want to tell you a little of my story just to give you a brief idea of how I started. Ten years ago, I was a landscaper. I'd been in a rock band for ten years prior to that. I was lead vocal to the band and I loved being in it...but we didn't make any money and that was a big problem. I was living in a one-bedroom apartment.

I spent my 20s living in that one-bedroom apartment and basically, (does this sound like anyone you know?) life was all about survival back then.

I didn't realize that I was living from day to day, paycheck to paycheck, and I didn't realize that life could be comfortable. Not only could it be comfortable but you could actually start taking care of the people you loved!

So when I was running my landscaping company, it was about survival. I not only lived in that one-bedroom apartment, but I started my business there. I worked hard for three years. People told me if you work hard, and put your nose to the grindstone, in a short period of time, you'll get ahead, buy a nice car, maybe get yourself a house. But 2 years later, I was still living in the one-bedroom apartment and I was still struggling.

The main reason was that up here in Boston we've got this thing called “winter”. It comes around for six months and, like a bad relative, it hangs around for six months. In the wintertime I struggled. I did all kinds of odd jobs just to get by. Then tax time came.

I remember sitting at my kitchen table with my brother and we were doing our taxes. He looked over at mine and I had claimed less than $16,000 that year. He put his hand on my shoulder and he said, "Dave, do you realize you qualify for food stamps?"

He thought that was pretty funny. I didn't think it was funny at all. It was one of those life-defining moments for me. I hated the feeling of being poor. If you hate the feeling of being poor, you're going to love this book. You'll love what I have to share with you.

Fortunately for me, I had a friend who was working for a bank and they had foreclosed on a property. The bank wanted to resell it but they had to do some rehab work on it first.

My friend called and asked me if I wanted to do the repairs on it. I had no idea how to do the repairs. He gave me the repair bid.

I had no experience doing repairs, and I had **no idea** what was going on. I didn't buy the property, I just got the repair bid. But that was how this whole adventure began.

Please don’t make a major mistake here: Do NOT say to yourself “Well, if I had a friend who found a deal for me at a bank, I could get started, too...but I don’t, so this won’t work.” That’s a great way to never get started in real estate.

I’ll show you how you’re much better off than I was. Yes, I was handed a deal. I’ll show you how to set things up so you attract multiple deals! And can turn on your "deal faucet" as often as you like!

That's waaay better than getting handed one deal!

So put on your seat belt. What I have to tell you in the rest of this book can make you pretty stinking rich.

Chapter 1:
The Importance of Mentors

I learned quickly how important it is to have good mentors. My first mentor was my cousin. He was in construction and he helped me bid that first bank rehab job. I was lucky to have him to turn to, because I won the rehab bid with the bank even though I had **no idea** what I was doing!

But I needed the money. Landscaping wasn't paying the bills and I badly needed that rehab job. My cousin showed me how to do the work. The bank was happy when I was finished. They were able to resell quickly. Even better: They asked me to bid a second job, and I got that one, too!

During the third job I was doing for the banks, I realized that people were buying these houses from some other investor! I did the work, other people bought them and they were flipping them. Yes, I made $3,000 or $4,000 on the repairs (which I thought was fantastic), the people <u>buying the houses</u>

from the bank were making $30,000 or $40,000! Hey, they were making an extra “zero”! That kind of money looked like a fortune to me!

Brockton, Massachusetts was not a good market at the time. It was what I'll describe later in this book as a “Buyer's Market I”, which is the bottom of the market. There were no jobs. Many properties were on the market, and they were taking a long time to sell.

Brockton is a very blue-collar city, and the economy in Brockton had been sliding downward for about 15 years. The manufacturing jobs were gone. The factories were closed. Brockton used to be the Shoe Capital of the United States. Even its nickname was “Shoe City”. But when the manufacturers left and all of those shoe factories went overseas, they also left behind a lot of empty multi-family buildings from the people who used to work in those factories. Those people moved away.

I have two questions for you:

1. Do you think those landlords were ready to sell?

2. Doesn’t this story sound an awful lot like today, when the papers constantly have stories about jobs moving offshore?

That's the type of lousy market I started buying in. I realized I had a lot to learn, so I started going to real estate investment clubs. I listened to people who had been successful, who'd gone out and done what I wanted to do. I learned from them how they did it so I could go out and do it too. (Just like you're reading this book right now, only I had to hunt them down and piece together their advice into a whole system.)

I started getting all types of books and tapes. I listened to teleconferences. Within a couple of months I had enough information to go out and get that first deal.

There was just one problem.

Yes, I was broke at the time, but that wasn't my problem. In fact, later in this book, I'm going to show you how to do deals of all kinds—from single-family houses to big, million-dollar apartment buildings—with little or no money out of your pocket. So money wasn't the problem.

My biggest problem was fear. I was afraid to do that first deal. If you're afraid to do your first deal and fear is the only thing standing in your way, I've been there.

Every Monday night, my father and I have dinner. One Monday night I told my father I was going to start investing in real estate.

I was really excited. I could see the checks that were going to be coming my way! I could just feel how great it would be to walk by buildings that I owned and know that my future was secure.

So I shared this exciting news with my father. I was proud to tell him my plan. And he said to me, "What? Are you crazy? Don't you know that real estate's a scam?"

I said, "But Dad, it seems like there's an awful lot of people making an awful lot of money."

He replied, "Oh no, Dave. What if…" My father listed a bunch of things that could go wrong. To make it worse, he started telling me all sorts of stories – and these stories weren't to encourage me! I got really nervous!

Now, I love my dad and he was just trying to look out for me. He was worried and didn't know any other way to protect me. He didn't know any better and he thought he was giving me good advice.

But here's what my dad knew: work for The Man. Work hard and The Man will take care of you. Even then, I knew that wasn't true. A lot of people are finding that out now. As I said, I love my dad, but I had to make a decision. So I did. I stopped talking to my dad about real estate!

Then I decided I was going to go out and just do it.

I realized that successful people do two things that unsuccessful people don't do: The first is that successful people take action. This is key. Remember this:

Successful people take action.

The second thing that successful people do that unsuccessful people don't do is that they continue to educated themselves. You'll notice after you do your first deal: the second deal is easier. You've gotten some experience. It all now fits together in your head.

Along the way I continued to get education. I still do. It's worth repeating here:

Successful people continue to educate themselves.

I learned this so well that here’s how it went: I started out with that first deal. Within three months I had three more. Within six months I had nine. At the end of that first year I'd done 11 deals. But it had taken me **nine months** to do the first one. I was afraid to pull the trigger. I'd seen some pretty good deals during that time, but fear was in the way.

The only solution I found to that fear was action and education. Those two things together take the risk right out of any investment. With action and education you know what steps to take. Risk is minimized. I found confidence. Then I found I could go out and do more deals.

My mentors showed me by their experience the big mistakes to avoid. That's invaluable. Little mistakes? We all make them – even today. They can't be avoided.

But when you have a mentor and can learn what the big mistakes are, and how to avoid them, that's priceless.

That's what mentors do for you, and that's what education does for you. They show you where the big boulders are and how to avoid getting squashed by them.

Chapter 2:
Nuts and Bolts

"Fools say experience is the best teacher, but I prefer to learn from other people's experience."

Finally, I bought my first deal. It was 25 Newton Street in Brockton, Massachusetts. The property was a three-family property, with three bedrooms on each floor. Always remember, the more bedrooms you have on each floor, the more income you'll have coming in. That's more money to you. Bedrooms are income.

The purchase price of the property on Newton Street was $140,000. It had a positive cash flow of $572 a month. Cash flow is very important. Every time I mention cash flow through this book, I'm talking about **net spendable income.** Cash flow is figured after all expenses are paid, and after the mortgage is paid. It's the money you get to spend on whatever you want.

I was very excited about having $572 in positive cash flow on my first property. I'd made about $6,600 in repairs; things like upgrading the electrical service and some improvements to the common areas (the hallways, porches, and basement).

Many of the people I had been learning from were investing in single-family properties, but I'd seen an interview on television with a guy named Harry Helmsley from New York.

A lot of people know Leona Helmsley. She was known as the “Queen of Mean”. But Harry Helmsley was a multi-millionaire real estate investor in his own right.

Harry talked in this interview about starting out buying and selling multi-family properties. He ended up owning the Empire State Building.

During the program, the interviewer said, "Harry, what is it about multi-family properties that got you going?" Harry said, "I always like the idea that a group of people would pool their money together and give it to me so I could pay off the mortgage on one of my buildings."

In essence, the tenants are buying the buildings for us!

Harry said, "I always liked the idea that the same group of people would pool their money together and give it to me so I could pay for all the maintenance on my property too, so I could sell it for top dollar. They'd give me so much money that, at the end of the month, I would have cash flow, money I could either reinvest, put into a savings account, or perhaps just go out and have some fun with."

Well that did it for me. Right then and there, Harry Helmsley got me hooked on multi-family properties. I thought to myself, "I'm going to go out and I'm going to attract as many of those people as I can find. I'm going to have them pay off as many buildings as I can, and let them give me as much cash flow as they want to."

Sure, some people start with single-family properties. There's nothing wrong with that. You should always start where you're comfortable. But remember this: The road to wealth is paved with multi-family properties.

You **can** make money buying and selling single-family properties. But if you want to be truly wealthy investing in real estate, eventually you're going to get to multi-families. Why not just take the shortcut and start with them? That's what I did.

See, I didn't have anybody telling me at the beginning, "Whoa. Stop. You've got to do single families first." The truth is, you don't. I went straight to apartments.

(By the way, a great many of my students go directly into multi-family investing before they do any other type of investing. I'm not showing you anything here that you can't do.)

I've invested in plenty of single-family homes. There's money in those, too. In fact, later on in this book I'll talk more about this, and how selling single-family homes is the basis of my Chunker Strategy. It's a great way to get money, chunks of cash, for buying multi-family properties.

My point now though, in introducing you to multi-family property investing, is that I learned that this type of property is valued differently from single-family properties. With single-family properties, we use what's called the "comparable method" and we compare like-kind properties to each other to determine their value.

With multi-family properties, we use the "income approach" or the "capitalization rate". That rate is simply the return that you expect to get on your investment.

The way we figure out that capitalization rate can be a little bit confusing. So what I did is I took a complicated formula and I broke it down to a simple formula which I call the "Times 10 Valuation Calculation".

This is what you do: You take the yearly income, and you subtract the yearly expenses not including mortgage. Yearly income minus yearly expenses equals your net operating income, or "NOI".

You'll hear this term a lot in multi-family investing: NOI, net operating income. If you take that NOI and multiply it by ten that gives you the approximate value of the property.

This is a very basic formula you can use over and over with multi-family properties to quickly figure out value. So let me share with you the numbers on Newton Street.

25 Newton Street:

Income	\$34,000
Minus Expenses	\$15,300
= Net Operating Income (NOI)	\$18,700

\$18,700 x 10 = \$187,000

(So the value of the property in very rough terms is 10 times the NOI.)

Now remember, I actually paid \$140,000 for the property, so with the stroke of a pen, I profited \$47,000 on that property.

The best news is that there are deals like this in every town in America.

There are deals like this in **your** town. When I first started looking at multi-family properties to invest, I didn't think I was smart enough.

I was always a C student in math and I wasn't sure if I could do the math. But what I realized is I could take very complicated formulas and I could break them down into very simple formulas and use them over and over again.

So remember that simple formula. It's called the Times 10 Valuation Calculation.

You sure don't need an economics degree to do apartment investing! We'll talk more about economics when we get to market cycles, but I've got a way to simplify that too.

I've taken all of the hard work out of these decisions for you.

When you get down to it, the value of a multi-family property is in the income stream. **For every $1 you increase the net operating income, you increase the value of the property by $10.**

And that's just like printing money.

In my seminars I give you over 23 different ways to increase your net operating income in a very short period of time. Increasing your net operating income increases your equity very quickly.

Some of those 23 ways include finding properties that have low rents, or high vacancies, or ones that have higher than normal expenses.

Then we make a quick changes to the property. We increase that cash flow and for every dollar we spend on the property, we've increased the value by $10. And when you're talking about cash flows of $70,000, $80,000, that starts to be serious money.

Apartment buildings are like money machines. You have a property manager in place. They're managing that property for you. Every month that money machine puts a chunk of money into your bank account.

Imagine for a moment that you go shopping and use a credit card. At the end of the month, you get a bill. That bill shows a minimum payment due. If you don't pay the total bill, that minimum payment goes higher the next time and the bill gets larger. The next thing you know, every month you get that credit card bill coming in and staring you in the face until you finally pay it off completely.

Now, wipe that experience completely out of your mind and think of this: The next time you go shopping, you take with you a debit card and that debit card is linked directly into the account that your Apartment Money Machine fills up. It is putting a chunk of money in every month, every month, which is your cash flow.

Now you go out and start spending. At the end of the month, what **don't** you get? <u>You don't get a bill.</u> You are now free from credit card bills. Imagine what that's going to be like when you are free from **any** credit card statements coming into your house!

And think about this: Let’s say you go out and decide to spend **all** of the money in that account for that month. What happens the very next month? A whole pile of new checks arrive!

That cash flow account has another month's worth of deposits.

Apartment buildings are like money machines. Apartment buildings will pay for your lifestyle.

You decide what type of lifestyle you want to lead. You then let your apartment buildings pay for it. How does that sound?

Chapter 3:
Financing Multi-Family Properties

Right after I first started investing in multi-family properties, I thought I needed to be a millionaire. I soon realized that you didn't even have to be a “thousand-aire” because banks are truly our friends with multi-family properties.

If you went into a bank for a single-family property loan, the bank's going take a look at you, personally. They're going to look at your personal credit and then they will determine whether or not they want to give you the money. They’ll pretty much rake you over the coals.

That's not the case with multi-family properties. Instead, they're primarily concerned about the net operating income, or NOI we talked about earlier.

If the property cash flows properly, the bank's going to find a way to get you into that deal. It doesn't matter if you've declared bankruptcy in the last month, six months, or a year. The banks are our friends, when it comes to apartment investing.

There's a very powerful formula that the bank's going to use: They will take 75% of the NOI, and they'll **put it on your application as income for you** to help you qualify for the loan.

So, let's say that an apartment building had NOI of $100,000. **The bank will credit you with $75,000 toward your income to help you qualify for the loan to buy that property!**

The bank knows that the tenants are paying back that loan. The loan repayment doesn't fall on your shoulders. It's the property that secures the loan.

But let's go back to this: 75% of net operating income is credited to you. Can you see that the bigger the property you go to buy, the easier it is to qualify?

Isn't it awesome to know that you might not be able to qualify for a single-family house, but you could qualify for a 10-unit apartment building that costs way more money?

And the best part is you're going to make way more money than if you just bought that single-family property, because you're going to have all that extra cash flow coming in. You'll have all that additional appreciation when that market goes up.

Do you know why they call these multi-family properties?

Because multi-families make multi-millionaires. Simple as that.

When I first started, I had no money. I was 29 years old. I had less than $800 in the bank and I had gone to a seminar. In effect, it had taken me 29 years to save that $800, so the first thing I didn't want to do was blow it.

I knew that I was going to need more than $800 to get into these apartment buildings, but I also knew that I didn't have it. So I had to go out and find other sources.

The first thing I did was go to a seminar where the speaker said, "Get as many credit cards as you can. Get the ones with the non-recurring fees. Use those for your deals." I did that. I used those for my first two deals and then I ran out of credit card money. (I'm not advising you to do this, but I'm explaining how I financed my first few deals the hard way.)

The second thing I learned is that I could go up in front of my real estate investment club and I could tell them about the deal I had available.

For instance, I might have a three-family property that was selling for $500,000 and I could buy it for $350,000. It needed $20,000 in repairs and I needed $20,000 to get into the deal. The profit on the deal was $98,000.

I would go to my real estate investment club and talk about that deal. Afterwards, 7 or 8 people that would follow me to the back of the room. They wanted my deal like pigeons after a French fry from McDonald's!

That's how I would get partners for my deals right away.

You bring the deal to the table. They bring the money and you split it 50/50. That's how I started getting into my deals at the very beginning. (I have since created 27 different ways to buy multi-family properties with no money down.)

Within a very short period of time, I had created a $10,000 a month positive cash flow coming into my apartment. That was a big change for me.

I had also become a multimillionaire within the first three and a half years!

I had learned this: that even though I now had money coming in, the more deals that I could get into with the least amount of money down, the wealthier I was going to become.

That is the Wealth Formula. Remember it:

The more deals you can get into with the least amount of money down, the wealthier you will become.

Dozens of deals later, I am still getting into deals with no money down but now the deals are bigger. I just recently closed on 172-unit apartment building in an emerging market in Texas. The property sold for $7.2 million. I had two investors put up $1.625 million to get us into the deal. They put up the money. They get 50 percent of the deal. I brought the deal to the table. I get the other 50 percent.

No money down deals work for everyone. They're not just something you see on late-night infomercials.

You may say: "Dave, where should I start? Should I start small, medium, or large? Must I do big deals at first?" The answer is no, you don't have to do big deals. It’s a common fear: Doing Big Deals can feel at first like you’re just making a Big Mistake.

One of the things I always recommend is you should be a conservative investor, and only take **calculated** risks. But I'll also show you that it's much easier to do the bigger deals than it is to do the smaller deals.

You may want to start small like I did. For the first three and a half years I was only buying 3- to 6-unit properties, mainly because I was afraid to buy the bigger ones.

Then I got to a point where I had too much appreciation in my properties when I was flipping them. I had to buy bigger properties because that's how much cash I had!

Start where you're comfortable. By being comfortable and understanding the systems, you’ll quickly get into the bigger deals.

The best part about those big deals is the extra zero at the end of every one of those profit checks that you get. Same amount of work, but one extra zero makes a big difference.

It's really remarkable what just that one little digit will do to your bank account and lifestyle!

Chapter 4: The Importance of Systems

When I ran out of that credit card money and when I was doing those partnerships at the very beginning, I thought to myself, "You know, I'm bringing in the deal and giving up 50% of the cash, which is better than not doing a deal...but I wonder if there's a way to not give up so much cash?" There was.

I've since named it my "Chunker Strategy". It's this:

1. Buy a single-family property.

2. Flip it.

3. Use some of the money to live today (because my landscaping company certainly wasn't doing it.)

4. Use the rest of the money to put a down payment on a multi-family property. It will then create a chunk

of cash flow coming into my house, month-in and month-out.

I became an expert at buying and selling single-family properties. I still do it today. I've got complete systems on how to do it and have very little involvement now. That's because I make so much more money in my multi-family properties.

Still, it's nice every month to get three or four checks coming in at $20,000, $30,000, or $40,000 a pop! So it's just another income stream coming in basically.

I created the systems to do this. They're automatic. There's no reason to give up the systems, even though I'm doing bigger deals. You just learn to delegate and that's what my systems are all about.

In both multi- and single-family deals, it's all about automating and having checklists. When I first started, it was just me. But as I created systems, I was able to replace myself within my own company.

At the very beginning, I got some great advice to use a management company, but I didn't take that great advice. I managed properties myself at the beginning.

Knowing what I know today, I would have started right out with management companies because that would have saved me a lot of time. It would also have given me the ability to buy even more properties!

You don't need a whole staff to do this investing from day one. You start – we all start – with just ourselves. Hey, I started in a one-bedroom apartment on the second floor. I had less than $800 in the bank, and I owed much more in credit card bills at the time, so I was in really a negative cash flow situation.

But you start by going out there and getting your first deal and you begin to create wealth. The systems are already created for you (you lucky dog). I just hand them over to you. You just follow the systems and as you grow, your company will grow.

Some people want a big company and they want a lot of people working under them. Others don't care. You can do either one.

Let me tell you a story about a guy by the name of Reginald Pasteur. He's a father of two. Reginald was tired of working ten hours a day for his job. Tired of commuting 45 minutes to work every day. Tired of getting home just in time to kiss his kids good night.

So Reg went to a convention in Baltimore. They had a contest that if you listened to one of the speakers, got his or her system, and then went out and used it, (i.e., took action), they put you in a contest to win a Dodge Viper. It's one of those sleek, testosterone-filled sports cars.

Sherman Ragland, who was running that convention, emailed me and he said, "Dave, you're going to be interested in this testimonial that I just got over the email. It said:

> "Dear Sherman, Please consider me in the contest for the Viper. I attended your convention and listened to a number of speakers. The only person that seemed to make sense was Dave Lindahl. So I invested in his training. To make a long story short, I bought a

> four-family property for $134,000 and it's now worth $200,000. I refinanced that property and bought two more, a four-family for $205,000 and another four-family for $300,000, both of which have appreciated rapidly. I then bought a nine-family. I now own $1.1 million in multi-family real estate, all bought with no money down and I have phenomenal monthly cash flow. Thank you, Sherman, and especially thank you, Dave Lindahl. Sincerely, Reginald Pasteur. P.S. Please consider me for the Viper."

He's simply took action. That decision he made has dramatically changed the quality of his life.

My system works when somebody has a full-time job like Reginald. That's the big thing: **It works with people who are working full time.** It had to, because it got me started in real estate investing when I was working as a full-time landscaper, utterly exhausted at the end of the day.

Eventually you can make a decision whether or not you want to stop and become a full-time investor and quit that day job.

There are three reasons to be in real estate. Number one is **money today.** Money today is the money you get from flipping properties. You can flip both single-family and multi-family properties.

What you decide to do with that money will determine how you wealthy you are down the road.

If you put your money into multi-family properties and start creating **monthly income,** that's the second reason. The money monthly comes from that positive cash flow.

That positive cash flow equals freedom. It allows you to do what you want to do and make decisions in your life that you didn't have before that money started coming in.

The third reason is **money later.** It comes when – just like Harry Helmsley said it would – your tenants pay down the mortgages on your properties. Your tenants make you wealthier. They dig into their pockets and hand you money that you give to the bank. But you only have to give some of it to the bank. The rest of it you keep in your pocket as positive cash flow.

I just want to circle back a little bit to the comparison between apartments and single-family homes. The first benefit is cash flow, just like I was just talking about.

Cash flow equals power and power equals freedom. I own 3,447 units in 24 different complexes. So every month I have 24 chunks of money coming into my mailbox month-in and month-out.

Regardless of what I decide to do, those checks are going to continue to come in.

If I decide that I'm going to take off and go to some nice warm island in the winter for an extended vacation, those checks are still going to come in.

If I want to go out with my buddies and play golf for days on end or maybe go to the mall with my sister and watch her shop (that woman has a black belt in shopping) – and we blow all the money, those checks come back in.

If I go to Vegas next month and blow all those checks, what's going to happen the very next month? Those checks come in again!

I am powerless to stop those checks from coming into my house month after month.

I want you to experience the exact same feeling. Imagine what it will be like when you have a fistful of checks coming into your house every month. What are you going to be able to do next month that you can't now do this month? What decisions will you now be able to make? What can you now do for your family? What can you do for yourself?

That's why cash flow is so important.

You can do this part time because as you're at your day job, you'll be hiring good-quality companies to manage your properties.

When I first started, I thought I wasn't going to have enough time to do this business and then I realized that **it really only takes a half an hour a day, four days a week, which is literally two hours a week to get started investing in multi-family properties.**

It takes just a little bit of time. You'll be concentrating on your marketing and on your analysis. Focus on my “Times 10 Valuation Calculation” to find the right deal.

Once that right deal comes in, well, then you take the next step that I show you.

Now you’ll be spending a little more time, but now there’s a live deal you’re working on! As you do more deals, you'll be spending more time. You’ll also be rewarded with more cash flow and more equity.

Then you're going to have the ultimate reward: You’ll be doing this so much that you can quit your full-time job and make real estate investing your ticket to whatever you want.

Isn't that the whole point?

Chapter 5:
Managing Properties to Win

At my most recent boot camp, I was sitting down with a couple that had just moved from Las Vegas to Texas. He had a window and door company that was very successful. He sold that business and decided he wanted to get into real estate investing.

He said after looking at the different types of investing that were available, he realized that he wanted to do multi-family investing. They wanted a lifestyle where they could just go away for a month or two, and then come back and pick up where they left off.

You buy, create cash flow, buy, create cash flow, and then you can stop. If you go to an island for three months, that cash flow will still come in. Your management company will be closely managing your properties. Then you come back and start the buying machine up again.

It truly is a business where you can stop, start, and stop whenever you want to. You have freedom.

When you use a management company you won't get the midnight call from the tenant. The management company is one of the key players on your team.

There are some management companies that just aren't that great. So we need to get the best possible management company.

I own properties in eight different states across this great country. Whenever I go into a new particular city or a new state, I always go to the same source to get the good quality management companies: It's: http://www.irem.org That stands for the Institute of Real Estate Management.

On that web site – irem.org – you're going to pull up two different designations. One is a CPM, Certified Property Manager. The other is an ARM, Accredited Residential Manager.

The best part about this web site is regardless of where you're investing, you can put that city in here and it will give you the contact information for all the CPMs and the ARMs. (If your city isn't listed, then try the closest bigger city to yours. Often management companies will cover large territories.)

These are people who must take five different courses and pass five different tests in order to get these designations. They are the cream of the crop.

When I go to a new city I'll pull up two or three different names and contact information. I start calling them but, I've learned to ask a series of carefully phrased questions.

For instance, I always ask a management company, "How many properties do you own that are like mine?" Typically, they're thinking that I'm asking that question because I want to know if they're qualified to ***manage*** my property. But that's not why I'm asking it.

I learned through the School of Hard Knocks that every time that I hire a management company that owns properties like mine—and we both need tenants—they get the good ones and I get the leftovers.

Never hire a management company that owns a property like yours. You want companies that manage properties like yours. Very important.

In fact, in my live event I cover 27 different questions to ask property managers. These are the 27 that will ensure you get the absolute best management company. They'll get you maximum profit out of your property. If they pass these questions, you know they're a good company.

What I hear frequently from my students is that the management company at the end of the interview says, "Nobody has ever been that thorough with us."

Half the time you don't even make it through the questions because they just eliminate themselves from the process. Those are the bad ones. The cream just rises right to the top.

When you're working with a professional property manager, there are a number of reports you'll get each month. There's an income and expense report that's going to come in, and it will take you about five minutes to read.

When you see this report you want to have it set up so that you can see all the previous months next to each other. You want to look at income and how it compares month to month.

Then you'll review expenses. It's important to be able to track trends. If the income is trending up, you just have one problem. You know what it is? **How to spend that money.** That's one great problem to have!

But seriously, if your report says that profits are trending down, then it's time to call the management company, and hold their feet to the fire. Ask them, "What do we need to do to get those last few units rented?" or "What do we need to do to get those expenses down a bit?" It's the management company that does all the hard work and heavy lifting.

Earlier I talked about how you protect yourself from those midnight phone calls from tenants. When you use management companies you don't get any of those phone calls. The company does.

I can just hear somebody asking, "Dave, if I'm buying a 110-unit apartment complex, I'd get a management company. But how am I going to get one if I just have a small deal?"

The right management companies will manage your two-family properties, all the way up to the big ones. There are good qualified management companies in every area that will do that.

As I say, cream rises to the top. You interview them and find out who the right managers are. I go into that a lot more at my live events.

Now I'll be honest with you: It's easier to find a management company for the 110-unit property (but managers of small deals still can be found).

Remember when I said it's easier to do the bigger deals than the smaller deals? That's one of the reasons. Banks like the bigger deals because they'll make more money.

But that should not discourage you from doing a small deal.

As you will recall, I started with the small deals. For the first three and a half years I was only buying three to six-unit properties.

You're probably going to start small and will work your way up. But I bet you'll get big fast because you're spending time right now in understanding the systems to make real estate profits. You'll know what to look out for. That's going to help you catapult yourself to high levels of income and equity.

It will help you take a quantum leap, not only in your investing but in your income stream.

And a lot of people ask me, "How much should you pay a management company?" or "What are their fees?" The average fee for a management company is 10% of gross collected rent.

Notice I said "collected". If you pay your management company based on a minimum fee, you're making a big mistake. Why should they get paid for rent they haven't collected?

You're going to have a lot of fun doing this. I will show you how to make it pleasurable. I'll explain how to have wonderful relationships with your management companies, because if you do it right, investing in real estate can be a lot of fun.

Wouldn't it be great to have fun AND make a lot of money at the same time!

John Winkles wrote me from Pittsburgh. He said:

> "Dave, my wife and I were skeptical about buying rental units and up to this point, we have only been doing single-family flips. After hearing you, we signed our first contract within five days of going to your live event. It was four-unit apartment building. The seller was very motivated. We offered $78,000 and financed it for $80,000."

Isn't that amazing? Not only will I show you how to get into these deals with no money down, I'll explain how to **get paid at the closing** as well.

John then says, "We have a positive cash flow of $510 a month. Only five more like this and my wife can quit her J-O-B at the post office."

You know what JOB stands for, right? “Just Over Broke”.

The next chapter is all about getting great deals with money in your pocket at closing just as John did.

Chapter 6:
Getting Great Deals

There are so many different ways where you can actually walk away from a closing with money in your pocket.

As a matter of fact, I'm going to tell you about one of my students a little bit later on in this book that walked away from the closing with some really big checks.

First, let me tell you another advantage of apartments over single-family houses: tax-free money. When you're doing a multi-family building, you can do what's called a 1031 tax deferred exchange.

Here's the general idea of how this works: You sell property A, and get to defer all those taxes so you're not paying any taxes on your profits.

That allows you to buy a bigger property B because you have a bigger down payment. That will give you a bigger cash flow because you're buying a bigger property B.

After you sell B, you can take all the profits and put it into C and that will allow you to buy a bigger property C and create an even bigger cash flow.

It will be a combination of 1031 exchanges and market cycles that will allow you to catapult your way to wealth in a very short period of time.

The 1031 exchanges are an exit strategy and they're very important. They're so important that I want to give you some more information on them right now.

1. You need to have what's called a “like-kind exchange”. That means you must go from real estate to real estate – multi-family to land, commercial to multi-family, single-family to multi-family –as long as it's like-kind.

You can't sell real estate to buy stock or other securities. You sell real estate to buy real estate.

2. You need to use an intermediary. That is somebody who does all the paperwork (which is great because we don't want to do

it). The intermediary holds all the funds and transfers the funds. Two good intermediaries are Starker Services and Chicago Title.

3. When you sell property A, you've got to identify property B. It’s the property that you're going to replace property A with – it's called the replacement property. And you must do so within 45 days.

When you sell property A, you need to close on property B within 180 days.

You do those first four things and then you get to have Number 5, which is create massive wealth in a very short period of time.

The 1031 Exchange isn't some shady loophole that the IRS is going to catch onto and then shut you down. The IRS wrote it.

Here's another advantage of multi-family properties: You can do fewer deals and make more money.

Here's what I mean: in your average single-family flip your profit might be between

$3,000 and maybe up to $20,000. For the sake of this example, let's say it's $20,000. But your average multi-family flip, medium size, between 30 and 50 units, can give you a profit of $200,000!

You'd have to do ten single-family flips to match that one multi-family deal! I don't know about you, but I don't want to work that hard.

I'm fond of the idea of doing that one single deal, and getting the money that it might take a pure single-family investor a whole year to get.

Let me tell you about another student. His name's Michael Perkins. He is 52 years old, and was concerned about his retirement because his company was downsizing and started outsourcing. If it happened to him, he wanted to be able to maintain his family's lifestyle.

Mike came to me and said, "Dave, I'm going to create passive income through multi-family properties and then regardless of what happens to my job, I know I'll have that income coming in." I said, "Great idea, Mike."

I mentored him through his first deal, which was a 32-unit apartment complex. This was last April. He called me up, all excited on the phone. "Dave, I'm so excited. I'm going to be closing next week."

"That's great, Mike. I'm excited for you."

He said, "Yeah, but you know what? I just realized I'm going to be closing twice."

"What do you mean you're going to be closing twice, Mike?"

He said, "I'm flipping the property. I'm going to resell it."

I said, "Mike, your goal was cash flow. You've got a great property. It's in an emerging market. Why are you flipping that property?"

He said, "Oh, I'm flipping the property and I'm making a $212,000 profit, and then I'm putting it into a bigger building and creating an even bigger cash flow just like you taught me."

Smart guy.

Ten years ago, I was a landscaper and I wanted a better life. Let's face it: The reason why you're reading this book right now is because you want a better life. I created a simple step-by-step system that allows you to duplicate those results.

Whether you decide now to get involved is completely up to you.

Let's talk about less risk. With a single-family property, you lose that tenant and you've lost your whole income. A hundred percent of your cash flow, gone.

But if you have a three-family property and you lose a tenant, you still have two more making your mortgage payment. On the single-family, you're making the mortgage payment. If you have a ten-unit property, and if you lose two, you still have the mortgage payment being made. You still have the cash flow coming in.

Can you see that the more units you have under one roof, the less risky your investment is? And remember it's the management company that keeps the units filled.

The management company will give you a marketing plan. This plan does a few things for you. First, it tells you how the management company will take care of your building and tenants.

But it does another great thing. If you're going to a bank for financing, and have no prior experience, it makes the process easier.

Your management company will give you its resume, marketing plan, and projections for the next three to five years. It's an entire plan on how these professional managers will keep that property full.

I show you at my live event how you put that package together, to give to the bank.

Then you say, "Mr. Banker, I understand this is my first deal and I understand that I don't have experience. That's why I hired XYZ Management Company that has over ten years of experience and is managing over 5,000 units."

Your banker will most likely say that it sounds like a professional approach. He's going to look at you from across the desk and he’ll realize that he’s in front of someone who came prepared.

That makes all the difference, in my experience!

Chapter 7:
Financial Plan for Your Future

I was reading *Forbes* magazine the other day and I learned an interesting fact. The number one fear of middle-aged Americans is running out of retirement money.

So right now, figure out how much you need to retire comfortably each month. Do you need $10,000 a month positive cash flow coming in? That's $10,000 spendable income. Is it $20,000? Is it $50,000 or $100,000?

Choose your monthly retirement income. Now determine how many units you need to get that cash flow coming in each month. Then you apply my system as many times as necessary to acquire those units. Once you've acquired them, you're done.

For the rest of your life, you're done.

It doesn't matter if you're 18 years old or 72. You are now done and for the rest of your life. That income will appear month-in, month-out, year after year.

I've got some students who are really young. One guy in Norfolk, Virginia did 20 units when he was 18 years old! Can't rent a car or buy a drink, but he's got 20 apartment units!

Another fellow is going to Johns Hopkins College right now. He's a full-time college student who made over $140,000 in his first seven months. Something tells me they're not going to be looking for your typical college-student summer job!

Retirement is about money. It's not about age.

These guys aren't going to be stuck living on $10,000 a month 40 years from now.

Your income is going to be going up every year because you will be raising those rents. Your tenants expect you to raise the rents every year, so why disappoint them? Raise those rents.

Your tenants will also be paying down that mortgage month after month, so not only will you have more money coming in every year, but the property is being partially paid off each year. That increases your overall wealth.

Isn't that a better way to retire than counting on our social insecurity system?

To this point, out of the five steps to financial freedom, I've taken you through analyzing the deals. I gave you a very powerful formula. We've talked about management companies, how to get the good ones, and what to pay them. We covered a very powerful exit strategy, which is the 1031 exchange.

You should now realize that you can do this. It's easier than you thought. And you can invest with little or no money down.

You don't need good credit and it's less risky than single-family properties. Not only that, you can do fewer deals and make more money. I've got just one question for you:

Are you ready?

Chapter 8:
Market Cycles

I want to show you that that my system works in all different markets. You can make money in any city and in any market cycle in America.

What my students tell me is I'm the only person out there teaching the phases of the market cycle and how to recognize them. More importantly, I talk about how to use the right strategy in each particular cycle.

There are four basic phases of a market cycle. Many people right now are in slower markets. Some are in emerging markets.

What you're hearing on the news these days is how the real estate market is changing.

The good news is that slow markets are the best time to be in multi-family properties. That's because as homes become over-supplied, people stop buying them. They stay in apartment buildings, and that means occupancy increases.

We also know there are a lot of foreclosures taking place. When people get foreclosed out of a property – and there's a huge national wave of foreclosures going on now – those people go back into apartment living.

This is one of the best times to be in apartment buildings. *The Wall Street Journal* said, "Multifamily properties are fast becoming the real estate investment of choice for the savvy real estate investor."

There are four different phases of a market cycle. They are:

1. Seller's Market 1
2. Seller's Market 2
3. Buyer's Market 1
4. Buyer's Market 2

You can think of these phases like a roller coaster going up and down. The important thing to know is that these phases never skip each other.

They never go from one phase and jump over another phase. Knowing that they're cyclical predictable allows you to plan your strategies accordingly.

Let's start with a Seller's Market 1.

In a Seller's Market 1, the supply of properties dwindles. Properties are selling fast. Unemployment is low. Prices of rents are rising and demand is at its highest point in a Seller's Market 1.

That's very important. That's the key characteristic. It's so key because it determines our strategy, which is to buy and hold long term, or to flip.

This is the only phase you can do both major strategies: buy and hold long term, or flip.

For example, I bought a three-family property in an early Seller's Market 1. I bought it for $224,000, sold it for $320,000 13 months later, and profited $86,000.

The important thing to note is I held it for 13 months. That's because I wanted to pay less in tax. Any holding period over 12 months means you pay tax at a greatly reduced rate.

Think about this: I went to <u>one</u> closing and I bought <u>one</u> property. During the entire 13 months, those tenants paid that mortgage payment each month. During the entire 13 months, those tenants paid for maintenance on that property, and for a management company to care for them.

I bought the property. I handed it to the management company. That cash machine started depositing chunks of cash into my bank account so I could use my debit card month after month after month.

On the 13th month, I sold that property and got a check for $86,000.

Think about it. How long does it take you to earn that amount of money? How much blood, sweat and tears goes into that? Isn't this a better way?

One of the ways I get deals like that is with a "letter campaign." They are the fastest way to attract motivated sellers. You're not finding them. They're finding you.

One of the important parts of the campaign is the actual list of names itself. If you don't have a good list then you're really not in business.

There are many different sources of lists. Here’s one: Go to where your landlords are evicting their tenants. That's either housing court, small claims court or district court. Get what's called the “summary process list”.

That list is all of the landlords that are evicting tenants. Mail your letters to that list. It will give you a higher than average response. It can make you wealthy.

You will get many landlords that are fed up because they have their tenants in eviction court and they just want to be out of the property. (They don’t know the right way to own apartments, using management companies.)

Sandra Nesbitt wrote me to say:

> "Dear Dave, Am I glad you came into my life. I sent my first mailing to burned-out landlords from the district court and took over a ten-family property that was in pre-foreclosure.

> The owner was fed up and had enough and just wanted out of the property. I sent 86 letters and got 6 responses. Those letters cost me a total of $57. At getting a current market analysis from two different brokers, I realized that I have about $147,000 in equity in the property."

Was that a fair trade? Knowledge of my systems and 57 bucks for $147,000 in equity?

I don't want you to worry now about what to write in these letters. Remember, regardless of what business you're in, you're actually in the marketing business. What I do is I provide you with a set of proven letters.

It's a system of proven letters that are guaranteed to get motivated sellers to be attracted to you. All you do is mail the letters and the phone will start ringing.

When I say they're “proven” letters, that’s because I'm constantly trying new letters to see which ones have the highest response. The ones you get at my live event are the ones that bring in the very most sellers.

After you send them out and the phone starts ringing, I give you a script that tells you exactly what to say and when to say it.

I realize that one of your fears might be that when somebody calls you, you're not going to know what to say. That’s why with my script, I have you speaking the seller's language from the get-go.

What would that do for you, knowing that no matter who calls you, you’ll know exactly what to say and when to say it?

No more fear on the phone! It will give you the confidence to know that you can just follow some easy steps and get the deal done.

Let's go to Seller's Market Phase 2. This is the risky time in the market. It’s when the market starts to slow down after a period of emergence.

Properties start staying unsold on the market for longer. The number of properties on the market increases. Sellers are still getting inflated prices but it's taking longer to get there.

Business and job growth begin to slow. There are two things in this particular market I want you to note. Number one, the market's over-supplied with properties.

Number two, business and job growth begin to slow. Your strategy in this market is to flip. You don't want to be holding anything long term here.

You flip and turn your properties into cash. Then you can hold onto that cash until your market corrects and stagnates – and cash is king in a down market.

Or you take that money and do what a lot of my students are doing: Move it into another emerging market. Then you'll watch your money double, triple or even quadruple because it's riding the wave in that new emerging market.

People ask: "How long does an entire market cycle take?" Market cycles typically take anywhere from 8 to 15 years. Each phase within the market cycle lasts from 3 to 5 years.

Now let's go to a Buyer's Market Phase 1, the next stage of the cycle. In a Buyer's Market Phase 1, prices of rents will fall. Demand is falling. Unemployment is at its highest.

Investment properties are at their lowest levels and in this particular phase **you're only buying properties that have great cash flow.**

There's one thing that will turn this market around and that's jobs.

You should always be following jobs. Look to where people are migrating because that's where the markets are moving.

In my live events, I give you 14 different sources to determine where those jobs are going. I'll give you one right now. Go to www.census.gov The Bureau of Labor Statistics in there will give you an idea of where some of the jobs are going.

Once you realize that jobs are just starting to move into a city, well, now it's time to go in and start investing. You've got people that bought at the wrong time, and there haven't been a lot of buyers in the area for a while. The sellers are just looking to get out.

This is a market like Flint, Michigan where my students, Kristy and Kevin Frue are.

Their first deal after leaving my event was 51 units. They got it for no money down. They got $52,000 a year cash flow. The Frues walked away at the closing with $32,300 in their pocket!

People think: "Flint, Michigan. There's nothing happening there." Yeah. But a few people can read and recognize the trends, and that's what I show you how to do. When markets first start to emerge, you're a contrarian investor. You're buying when everybody else is selling. Then when suddenly the momentum starts to pick up, people recognize what's going on and lots of investors come into the market.

I show you how to get into that market as early as possible. That way, you get all the "low-hanging fruit" as you go through that orchard of profits.

Imagine that: Your first deal after leaving my event and you get a huge check. And you're not dealing with any of the 51 tenants, because the management company is. On top of that, you get $52,000 in positive cash flow.

What's your return when you put no money down and get $52,000 a year?

Your calculator can't calculate what a return on zero investment is, because it thinks it's infinite!

My students and I do this all the time.

Let's talk about a Buyer's Market Phase 2. That's the millionaire maker. In this particular market, time on the market decreases. Job growth increases. Prices slowly increase and, more importantly, this is when rents have started to increase for the first time.

This is when you buy and hold. In a very short period of time – three to five years – you will become a multimillionaire.

It takes just one of these markets and you're a multi-millionaire...but you know what? After I show you how to do this over and over again, you're not going to stop at just one market. You'll do this again and again, from the luxury of your own home.

People ask: "Do I have to travel all around the United States?" You don't.

Here's what to do: First thing is determine where the jobs are going. When you do that, you're going to call that particular city, talk to their chamber of commerce, and find out what's going on in there, what jobs are coming in. The more white-collar jobs the better.

Then you make contacts over the phone. I'll show you how to make contacts with brokers, with property managers, and appraisers. If you follow my methods, they'll start sending you deals.

You then take some easy steps to negotiate that deal. You put it under contract using the fax machine.

So far, everything has been done by phone and fax. When you get it under contract, the seller's going to give you what's called “due diligence”. He's going to supply you with all of the facts that say, "Yes, this is the true income and these are the true expenses," because remember we're buying income properties.

If he can't supply you with those facts, or if those facts don't come in right, then you negotiate for a lower price. Sixty percent of them will negotiate; forty percent will just say “take it or leave it”, in which case you leave it.

First you negotiate for the lower price (if the facts dictate it) and **only then** do you go down and do a property inspection.

You go through the property, using the system I give you. You’ll take a look at it with your property inspector, banker, and your management company. They'll meet you there. Then you go home.

The bank will do just about all the paperwork. They will FedEx you a package.

You then sign it in front of a notary public, and FedEx it back.

You now own the property!

What do you do next? You'll hand it to the management company, and you celebrate!

But to tell you the truth, you won't celebrate for long.

That's because you'll be too excited to sit around. You will want to plug in those systems again and make another slug of money, now that you see how the whole thing truly works in your town.

I've become an expert at finding the Buyer's Market Phase 2 "millionaire maker" markets throughout the United States.

There are at least 30 to 40 of them at any given time. In my live event, I actually take you step by step through how to find them. I not only show you how to determine where these markets are, but I also give you between 20 and 25 markets that are emerging <u>right now</u> across the U.S.

One or more of them will be not far from you.

There are other important goals too, but isn't financial freedom a biggie? But can we retire off of a million dollars these days?

Let's talk more about this in the next chapter.

Chapter 9:
You Can Do It, Too

There are many good courses and boot camps that teach you how to become a millionaire.

The problem is that you can't retire comfortably off a million dollars these days.

You should instead become what's called a deka-millionaire. (That's Greek for "ten"). Shouldn't your goal be $10 million or more?

What if you "failed" and only got halfway there? I think that would still be not so bad.

One of my students, Jim Anderson, contacted me. Jim's from San Francisco. He said:

> "Dave, thanks for the great boot camp. Just thought you'd like to know my latest acquisition. Because of what I learned with the 1031 exchange, I traded in a single-family house in which I had a lot of equity for a 40-unit

> complex in Bakersfield. I bought the property for $900,000 and after just two years of holding it, it's now selling for $2.4 million. That's a profit of $1.4 million. Best of all, I had a monthly positive cash flow of $4,100 per month while I owned the property."

I've got another student, Victor Bell. He lives in Hawaii and spends his time buying and selling properties on the Mainland.

Half the time he doesn't even go see the properties because he says, "Dave, I live in paradise. Why should I go somewhere else, and leave this! I'm only going to go if I think I can have fun there in some new city."

I thought, "Hey, what a concept."

Imagine the next time you go to your favorite place on vacation. First you attract a multi-family property that cash flows with one unit always being vacant. Who do you suppose will use that unit? You!

Plus, you can make every trip down there tax deductible. You can now go eat at the finest restaurants and it's all tax deductible.

It's a good life. Imagine the lifestyle you're going to have when you own properties in San Francisco, Vegas, Orlando, and wherever else you like. It's often great up here in New England.

To summarize, we talked about attracting the deals. You know that you can start a letter campaign and get those deals coming to you.

You know you can analyze those deals by using the "Times 10 Valuation Calculation".

You also know you can analyze the market by applying my market cycle methods and then using the right strategies.

When we create offers with multi-family properties using a simple document called a "letter of intent" (which I discuss at my live event). You then use IREM, irem.org, to get good-quality companies to manage your properties.

You apply the 1031 tax-deferred exchange concept to swap up to larger deals, tax-deferred.

You should now realize that you can do this. The smoke is gone and you can see clearly through the glass.

Janet Schroeder wrote me:

> "Dave, since I came to your real estate seminar in May, my life has changed so quickly and all for the better.
>
> I wrote last week about a deal I found in Oklahoma City. I found an investor to partner with me and we signed the deal up. It's 101 units. The rents are $55 below market value.
>
> I currently have a positive cash flow of $6,121 per month. With the income from this property, I can now quit my day job. I never would have dreamed that possible when I signed up for your information just two months ago.
>
> I can't tell you how excited I am. Thank you. Thank you. Thank you! My husband is coming with me to the next event."

Bill Schroeder was skeptical and didn't come because he thought (like my father did) that real estate was a scam.

When those checks for $6,000 started coming into their house month after month, he suddenly had a change of heart.

I want you to know that it's absolutely possible for you to get involved in this type of business. It doesn't matter if you've got any type of real estate background or not.

I take you by the hand and I take you from beginning to end. I meticulously show you how to do this whole process.

I'm qualified to do this because I do this every single day. Not only do I buy, negotiate, and I sell multi-family properties across the country, but I’m in front of students constantly.

I estimate that I’ve evaluated over $725 million worth of properties over the last ten years. I currently own or am partnered in over $143 million of property. That's important so you know that what I'm handing you is information that works right now.

There is nobody out there explaining apartment investing who owns more properties than I do right now, or has bought and sold more multi-family properties than I have over the last ten years.

And **you** can have results like mine, but even faster! You know why? Because I had no one to hand me all the methods, and you have me!

Chapter 10:
Will You Come Join The Fun?

I've taken all this experience that I've described and I've broken it down to a simple step-by-step approach.

Anybody who wants to do this **can do this** and be successful.

It's going to take three days to make that happen. What we're going to do there is I personally three-day intensive workshop where I take you from the very basic principles of multi-family investing to the advance strategies.

That will allow you to attract deals and get them financed, so you decide whether you want big cash flow, big checks or both.

Whatever your situation, I can show you the strategies that will get you there.

Here's more of what we do at the event: We create a complete marketing plan. I give you over a dozen techniques to get that phone ringing off the hook, to get qualified sellers calling you with below-market deals or no-money-down ones. I'll show you how to pre-screen and analyze at lightning speed.

We'll do this through case studies.

I start you out small. I then show you how to analyze deals, and I break you up into groups of six because you learn faster when you're working with a group.

I start you out with a three-unit deal worth $200,000. Then we gradually work up through the case studies over the three days to an $8 million deal.

What you soon realize is that it's just numbers. The sooner I get you over the fear of doing the big deals, the sooner you'll do those big deals.

What I do in those deals is I add different "value plays". These are hidden income sources in the property.

My competition might see the deal before I do, but I see the hidden value play that they pass right by. That enables me to make money where others see nothing.

I spend a lot of time at the live event showing you how to see these opportunities, too.

The reason my students tell me that they're so incredibly successful is because we learn by doing. When you go out and do your first deal, it's like doing your tenth deal because you've had so much practice during the event.

During the live event, I allow plenty of time for questions, including individual questions where I circulate around the room.

I want to make this point very clear: You get <u>me</u> in the classroom. You get to raise your hand and I come right over there and answer your questions. I don't criticize people, or make an example of them. I build you up.

We work on getting your self-confidence and skills up to "concert pitch", as they say in the world of music. You get the personal attention you need to go out there and be successful.

I show you what to expect and what to look for. There are three major environmental hazards that you'll encounter in multi-family properties. If you buy a property with one of these hazards, you may not be able to sell it, so we'll go over each one of those step by step.

Then I'll show you how easy it can be to negotiate. I've been doing this for over ten years. I get the same objections over and over again. I will share those objections with you so you'll be prepared when a seller calls.

I also hand you some wonderful objection-handling techniques so you can close more deals.

Get this: If you bring in a live deal from your town, I'll negotiate with your seller right over the phone!

Two boot camps ago, we had somebody leave the boot camp with a deal all sewn up because we had negotiated it in the classroom!

Then I'll show you how to find the money. You'll know how to put a loan package together so it slides right through the loan approval process.

I will give you the names, contacts, and information for over 50 different lenders nationwide that are used to doing deals with my students.

They usually specialize in different things. Just like doctors and lawyers specialize, so do lenders. I'll show you which lenders to go to for any type of deal that you'll be considering.

But what if you have no money now? Sure, the banks might give you 80% or 90%, but what about the down payment? Where will you get that?

I'll show you how to find an endless supply of partners, using my 27 proven no-money-down techniques. Many of these are methods that nobody else teaches. They're only available at my live event.

They're not the silly little no-money-down gimmicks that you see on late-night TV for buying a two-bedroom house in the worst part of town. That doesn't work with multi-family properties.

I'll show you the techniques that have made me and my students multi-millionaires.

Remember, multi-units make multi-millionaires.

As I mentioned earlier, I explain where the up-and-coming "emerging" markets are. You discover how to make the right contacts in these markets and how to get deals coming to you.

You even discover how to pinpoint the right spots in the best markets. That allows you to get properties right in the path of the greatest amount of development and growth in that market, so you make the greatest amount of money.

I then show you when it's time to take the chips off the table, pull all of your appreciation out, and go do it again in another market, to make your bank account just explode.

We'll talk all about those management companies that will be doing all the heavy lifting for your properties.

At the very end, what we'll do is create a personalized action plan for YOU. I want my students to be successful, so I can brag even more!

How many times have you gone to a boot camp or listened to audiotapes and gotten all excited? Then you soon realize that it's somehow worn off, and you didn't take action.

That will of course happen if there's no plan in place to tell you **exactly what to do** and **exactly when to do it.**

What we do in the very last part of the boot camp is we go through action plans and tailor-make it to your particular circumstances. Your plan will fit right in with what you're doing now so you can become successful.

I first give you a seven-day action plan so you get started right away. I’ve found that if you don't do something in the first seven days, you're probably not going to do anything.

We then bring it out to 21 days because it takes on average 21 days to create a new habit. I want to build a wealth habit inside of you.

What would you expect to pay for all my secrets and methods? What would you expect to invest in a program that can make you a millionaire?

Let’s see: The state schools where I come from charge $7,000 a year. Private schools around Boston are over $40,000 a year. You go for four years and what do you get? You get a degree, a piece of paper, knowledge in certain areas, and you hope you then get a job.

The Subway sandwich franchise is the fastest-growing franchise in the United States. It costs $25,000 to get a franchise with them. The average Subway sandwich franchise owner makes only $38,000 a year.

Your investment to become financially independent in multi-family properties is not $40,000. It's not $25,000, or $7,000. It's not even $5,000.

Your investment to become financially independent is only $3,995.

I know what you're thinking. Is it worth it? First of all, I know there are some people that will take action immediately. If you're one of that select group, let me give you the contact information.

Call my office. You may have talked with Jeannie. It could be that you even spoke with my mom. She's over at my office. My brother Jeff's there too. They're at 781-878-7114.

In a moment, I'll tell you about a bunch of bonuses I'm giving you for reading this book.

Again, you may be thinking "Is it worth the investment?" Well, Mark Sneed, 58 years old, was concerned about his retirement. He contacted me to say:

> "Dave, 27 days after going to your live event, I flipped a four-family and got a $79,000 profit." He says, "I'm in the process of doing a two-family to get a $31,000 profit."

Not bad, Mark! Would you trade $3,995 for a $79,000 profit? That's a no-brainer.

But you know what? Here's the best part: Not only did he do that but he now has the knowledge in his head to be able to do it over and over for the rest of his life.

That's the closest thing to printing money that you can do, and not be charged with counterfeiting.

Marlene Green emailed me. She said:

> "Dave, I never thought it would go so well, so fast. I now have over $300,000 to invest in an exchange. I just got a reality check on how much leverage I have on just one property." *(Her first deal.)* She said, "Did it strike you as funny the first time you found yourself looking at million-dollar-plus deals?"

It did feel odd at first, but then I realized it's just one extra zero. That's what makes it so much sweeter. What's important for Marlene is she has the knowledge to do this over and over, at will, for the rest of her life.

Another student, Justin, contacted me. He said:

> "Hey, Dave, I'm embarrassed to say that I came to your live event fully prepared to take advantage of your money-back guarantee. After the first half day, I realized that it probably wasn't going to happen.
>
> I had never invested in multi-family properties prior to your event. I had always been interested, but I was afraid of the tenant risk and the big numbers. Well, you certainly eliminated those fears.
>
> **My first deal was 110 units with no money down, over $6,000 a month positive cash flow.** I used your equity share technique that you taught us."

> "Had you told me that I could do a deal like this prior to your event, I would have told you that you were crazy.
>
> My second deal was 170 units, **no money down, over $9,000 a month positive cash flow.** I used your tax credit technique on that one. The no-money-down techniques that you teach are invaluable.
>
> Within one year of leaving your event, I created over **$15,000 of monthly spendable income** and I have over $3 million in equity. To say you changed my life is an understatement.
>
> Thanks to your system and step-by-step approach, I'm now living the dream."

This is an opportunity right now to get involved with a great business.

Plus I've got some bonuses. These aren't the special bonuses for the first 12 people who contact me from this mailing. Everybody's going to get *these* bonuses right now.

People say, "Dave, why are you doing live events if you're so rich?" I do it for three reasons:

1. My mom always taught me that when you get, you give back.

2. Let's face it, I make money. I use that money to buy more property.

3. I want to partner with you. I want to show you how to do business the way I do it – ethically and honestly. I hope you go out there and find a big deal to partner with me on, a 100-unit plus deal. It's totally optional, of course: If you want, just keep the big deal for yourself, the way Justin did! But it's out there as an option for you.

If we end up working together on a big one, I will return to you double the money that you invested for the live event, before we divide up the remaining profits.

That's a better-than-free way to go to the live event! You invest $3,995 in yourself. You then get $7,990 back when we close that first deal, on top of other profits you get later.

You can also bring a spouse or a family member absolutely free.

There’s actually a fourth day, a Bonus Day. That’s when we go over my Chunker Strategy.

If you're interested to find out how I do my single-family chunker methods with very little involvement, you need to be there.

For two and a half years now, my students have been trying to get me to reveal these methods. I was just too busy to put them all together in a presentation. I finally did it at the last live event, and everybody loved it.

If you want to come to that bonus day, it has a value of $990. I will reveal some secrets that nobody – I mean nobody – is teaching on how to create a system for single-family properties and create it with no involvement from you.

Before the live event, I’ll send you my Apartment House Riches manual. It's a 172 pages of meat. I want you to have the option of getting started and making money even before you arrive at the live event!

This will take you step by step and get you into your first deal.

It also comes with audio CDs so you can listen to what I'm describing in the manual, if that works better for you. There also is some additional information on the CDs.

There are seven audio CDs. They're all tracked so you can go to any particular topic you're listening to. Turn your car into a learning device for wealth as you're going to and from that job you'll soon be quitting!

I also give you an important software tool, because I want you to feel comfortable analyzing deals right away.

When I first started, I was afraid I couldn’t do the math. Together with a software engineer friend of mine, I created the “Multi-Unit Profit Finder”.

Basically all you do is put in your income, expenses, mortgage amount, and boom! It tells you whether or not you have a deal. It also shows what your cash flow will be 5, 10, 15 years down the road. It even shows the key ratios that your lenders will look at.

If it's a good deal, those ratios show up in green. If it's not a deal, they show up in red. How easy is that!

There's also a print function so you can print out all those financials and send them over to the bank and anyone else, so they realize you know what you're doing. That has a value of $599.00.

Some people ask: "Dave, why don't I just get started with your course instead of going to the boot camp?" You can do that.

I have successful students all across the country, and they've only gotten the course and not been to the live event.

Here's the thing: When you come to the boot camp, you also get the boot camp manual. It's two inches thick, with up-to-the-minute information and it's the next step. The boot camp manual itself has a value of $895.

You only get it when you come to the boot camp.

When you're at the live event, you get trained by me personally. You can simply raise your hand and have me answer every single one of your questions.

In the room, I take you step-by-step through case studies of doing small deals all the way up to analyzing $8 million deals.

Because of that, I find that **live event students do bigger deals faster. And that means they become much wealthier faster.**

The decision is yours. If you're able to take three days or four days and come to the live event to become wealthier faster, that's great.

I'm also giving you a newsletter. I write it every month. It's a $49 value every month. In the newsletter I analyze an emerging market that's happening somewhere in the United States. You see how I do my analysis.

You also discover where the very next emerging market is, so you can start moving your money there.

I also give you 12 hours of conference calls for free. I charge people $149 a month to be on my conference calls. That's a value of $1,788.

The total value of these bonuses you get is $14,739.

I know you're likely to have to travel there, so what I'll do is give you a $500 travel allowance. That lowers the investment down to $3,495.

You can't get my live event for any less than $3,995, no matter where you look...but in this book you can get it for $3,495.

Plus because you're becoming involved in real estate as a business and not an idle hobby, your entire investment is tax deductible!

Check with your tax advisor on that, because I'm not an accountant. But my accountant tells me that courses like this are tax deductible.

Rose Morris from Columbus Ohio, wrote me to say:

> "Hey Dave, just a note in case anybody's wondering if you really do partner with your students. As you know, you and I are in the process of building 90 townhouses. The cost per unit is going to be \$44,000. Our resale per unit is going to start at \$89,900." That's a profit of \$3.2 million. If anyone is considering going to your boot camp, I say get there as fast as you can."

She's a grandmother, who just went a long way toward setting herself up for retirement with ONE deal.

Because I know my system works, I have a famous "Three-Check Guarantee":

Come to the live event. You must decide for yourself that you got maximum value. You must decide for yourself that you can walk out the door and be completely ready to take your city by storm and do your first deal.

Otherwise, even if it's the very last minute on the very last day, you can come to me privately and tell me you want your money back. I will give you a check back for the entire amount that you paid for the event!

I will also give you a second check for $250 towards expenses that you paid for being there.

Then I'll get you a third check for the nights that you stayed in the hotel at the blocked hotel room rate. There is simply no risk for you to attend this special event.

I'll also do this: You can do two payments if that's easier for you. One right now and one before you come to the camp. You'll get all of the bonuses packaged together so you can get started right away. Then you can make your second investment later of $1,750.

So get started now. Commit to one of the boot camps for only $1,750.

You might be thinking, "Well, I always like to discuss this with my spouse" or "I like to think about it overnight."

I perfectly understand that. Fine, you can think about it for 24 or 48 hours if you like. But reserve your spot now, because my events sell out quickly. I can't just add seats because fire marshals regulate hotel meeting room occupancy, and don't allow us to just stick more seats in the back.

Lock in your seat now, and then think about it for 24 or 48 hours afterwards. If for any reason whatsoever you feel that you can't make it, just call us. We'll cancel your seats and refund all your funds.

But make the commitment to get the bonuses right now. Just call the office 781-878-7114. Even if it's after hours, just leave your information with our answering service, and we'll honor your reservation in the order that it came in to us.

Chapter 11:
Special Bonuses

Here are the additional limited bonuses that I've been alluding to. I'm going to give you two reasons why not to wait:

1. I know you'll start either on small, medium, or large properties so I created three different videos or DVDs of me going through properties.

I show you exactly what successful investors look for when they're at a 3-unit property, a 60-unit rehab, and a 180-unit complex.

I take you through all 3 of those properties, 3 different videos. It's a value of $349. You get that if you're one of the first 12 people to contact me from the mailing I did of this book.

2. I'll also give you a mentoring certificate. For the next 90 days so you can get your first deal, I will mentor you to get you started.

You can call me, fax me or email me. I can only limit this to 12 people because I of course cannot do this for everybody.

That's a value of $2,400. It's part of a very high-priced coaching program. If you're in that special group that takes action now, I will allow you to get involved with that. But you need to call 781-878-7114 now.

There are five different reasons why you really ought to attend the live event:

1. You'll get the 90 days of mentoring with me one on one (if you're one of the first 12 action-takers).

You can go out and get started immediately. That live event will mean so much more to you if you're working on deals prior to it. The questions that you'll ask will be about making that deal work for you.

2. Let's face it: Apartments are the road less traveled. There's much less competition because most investors don't have a clue about what you just discovered in this book.

They're scared because they don't know anybody who's been successful in apartment investing.

You're different because you now know somebody: Me. I will show you the ropes.

I will take you step-by-step through the process show you how to become wealthier, faster, and with less risk.

3. There's a very low time commitment upfront. My systems are custom-designed for people with day jobs. That leads me right to No. 4 which is:

4. I emphasize systems, not sweat. Unlike other systems that ask you to drive all over town, hang signs, knock on doors, and so on, my systems are hands-off.

They're remote controls that you can operate with only a small amount of time here and there.

5. You get my rock-solid, no gimmicks guarantee. You don't have to decide “Yes”. You only need to take action with a

"Maybe." And if it doesn't work for you, I'll return your whole investment.

Anyone with integrity and a proven system should have that guarantee, and that's exactly what I have.

I like doing these live events because I regularly get to partner with students on their deals.

Remember, it's totally optional: You can keep all your deals for yourself! But you may find more good ones than you can handle, and we just might work together.

Students like Rose Morris, the grandmother, where we're going to split over $3 million in profits. I didn't even mention Stephane Fymat, with whom I've bought four complexes, no money down for him or me. Total value of the four properties is over $9 million.

These are people that have come to my live event, and got my knowledge and systems.

I'm looking forward to meeting you at my next event, and shaking your hand. I'm looking forward to talking with you personally and bringing you into my life, not only as an investor but then we become friends as well.

And another point I get questions about is who runs these events? It’s ME up there. I don’t have some junior assistant up there explaining my systems.

I answer not only all your questions, but you get to hear the answers to a bunch of other people’s questions...stuff you didn't even think about until you got to the event and heard somebody else say it. Then you go, "Oh, yeah....what do you do then?"

Hey, these events are a lot of fun. They're fast paced but fun. You will NOT be bored.

To participate in the upcoming event, call 781-878-7114.

Come join the fun, while we make your financial future secure!