

Hippity-Hop, Tic-Toc

By: Bill and Kim Cook

Over the past few months we've written about Motivated Sellers, buying Pre-Foreclosure properties, Subject To deals, having a great REI team around you, Short Sales, and Private Money Lenders. In today's column, let's see how all of these parts fit together to make an REI deal work.

The July Foreclosure auction will be held on July 5, 2005 between 10 a.m. and 4 p.m. The Bartow County July Foreclosures were first published on Thursday, June 9, 2005. That morning we sent each of these folks a letter explaining how we could help by stopping their Foreclosure. That day we also drove to most of these Foreclosure properties and talked to the homeowners.

One of the properties we went by was on Law Road in Cartersville. When we got to the property, two other Investors – who are good friends of ours – were in the driveway. Since they were already talking to the property owner, Kim and I drove to the next property on the list.

On Friday, June 17, the homeowner on Law Road called Kim. He got our phone number from the letter we had sent on June 9. He had decided to sell his property before July's Foreclosure auction and move out of state. The property owner was trying to find out who would pay the highest price for his property. This happens regularly when you work Foreclosures.

Later that day, Kim met with the seller. The owner wanted to sell his property and move to Alabama. It is a three bedroom, two bath house that needs a lot of fix-up work. The house has a wrap-around deck, is on 1.5 acres and has a large lake out back. He was negotiating with several other Investors. Kim's written offer to him was \$58,000.

On Friday, June 24, Kim stopped by seven or eight of the Foreclosure properties we were tracking; one was the Law Road property. She was checking to make sure everyone's questions had been answered and their real estate problems solved. Turns out the owner of the Law Road property still had not sold his house. She reminded the seller that he only had eleven days left to get his property sold or he would lose everything at the Foreclosure auction.

Monday morning, June 27, the Law Road property owner called Kim. He said, "Kim, can you come by today? I'm ready to get this thing done."

Later that day, Kim and I met with the seller. He had two concerns: First, he wanted his Foreclosure stopped. Second, he needed money. He wanted to know whether we could buy his property and put money in his pocket *before* the end of the week. We assured him we could. Because we promised to close within days and put money in the seller's pocket, the seller agreed to a Subject To deal. (For more information about Subject To deals, go to www.REIoutpost.com and look under "Articles".) He and his wife signed our paperwork (Purchase and Sale Agreement, Special Stips, and Notice to Release Information), and we went to work putting a two-day closing together.

As we left the seller's house and headed to the Bartow County courthouse to do our Due Diligence, we called Wendy Zabel-Cone, with Akins, Corwin and Perkins. Wendy works with Lee Perkins – our *incredible* real estate attorney – to set up a closing. She scheduled us for Thursday, June 30, at 3 p.m. This gave us two-and-a-half days to put this closing together. Hippy-Hop, Tic-Toc!

After we talked to Wendy, we made the following phone calls: Mike English with A&M Heating and Air to check out the A/C system; Bart Howell our appraiser; Andy and Angie Butler with AA Lawn Service who are our landscapers; Pedro Vazquez with VQ Home Improvements, our insurance agent; and a Private Money Lender from whom we would borrow the money with which to buy and rehab the property.

Next, we flew through the Bartow County courthouse like a couple of tornadoes. In doing the property look up, we discovered two additional liens against the property. (NOTE: This is why Due Diligence and knowing the courthouse is so important. Remember, verify everything!) Kim immediately went to work getting these lien amounts reduced via a Short Sale.

While in the Deeds Room we met with George Grist, an attorney who is also with Akins, Corwin and Perkins, and gave him a heads up about our quick closing. George is always a great help to us.

That evening we faxed the foreclosing attorney the seller's Notice To Release Information form in order to get the seller's arrears and pay-off amounts.

On Wednesday, June 29, Mike English, our heating and air man, called to confirm that the A/C unit was shot. A new unit was going to cost \$3,500. I met with the seller and told him what Mike had found. The seller agreed to pay \$1,750 for half of the replacement cost.

Also on Wednesday, Kim successfully Short Sold the seller's two liens from \$1,150 down to \$726.

On Thursday, June 30, at 3 p.m., we met the sellers at Lee Perkins' office. Twenty minutes later the closing was complete. We owned the Law Road property, the seller had money in his pocket, and the Foreclosure was stopped. A Win-Win deal.

When we left the closing we called Mindy Salamon with the Daily Tribune to place an ad to sell the property. Our asking price is \$89,900.

This deal, as with most REI deals, required us to use several deal-structuring techniques in order to make everything work. We bought the property Pre-Foreclosure from a Motivated Seller. It was a Subject To deal. Kim Short Sold the seller's liens. Our great REI team allowed us to close in two-and-a-half days. Finally, our Private Money Lender put up all of the money, so we had no out of pocket expenses.

Hope this helps you to see how a REI deal is put together. Yes, it requires a lot of work and know-how, but if it were easy, everyone would be doing it. Question is, are you willing to do what it takes to learn how to be a Real Estate Investor? Only you can answer this question.

If you want to learn more about REI or would like information about our Real Estate Investors group, please visit our website at REIoutpost.com.