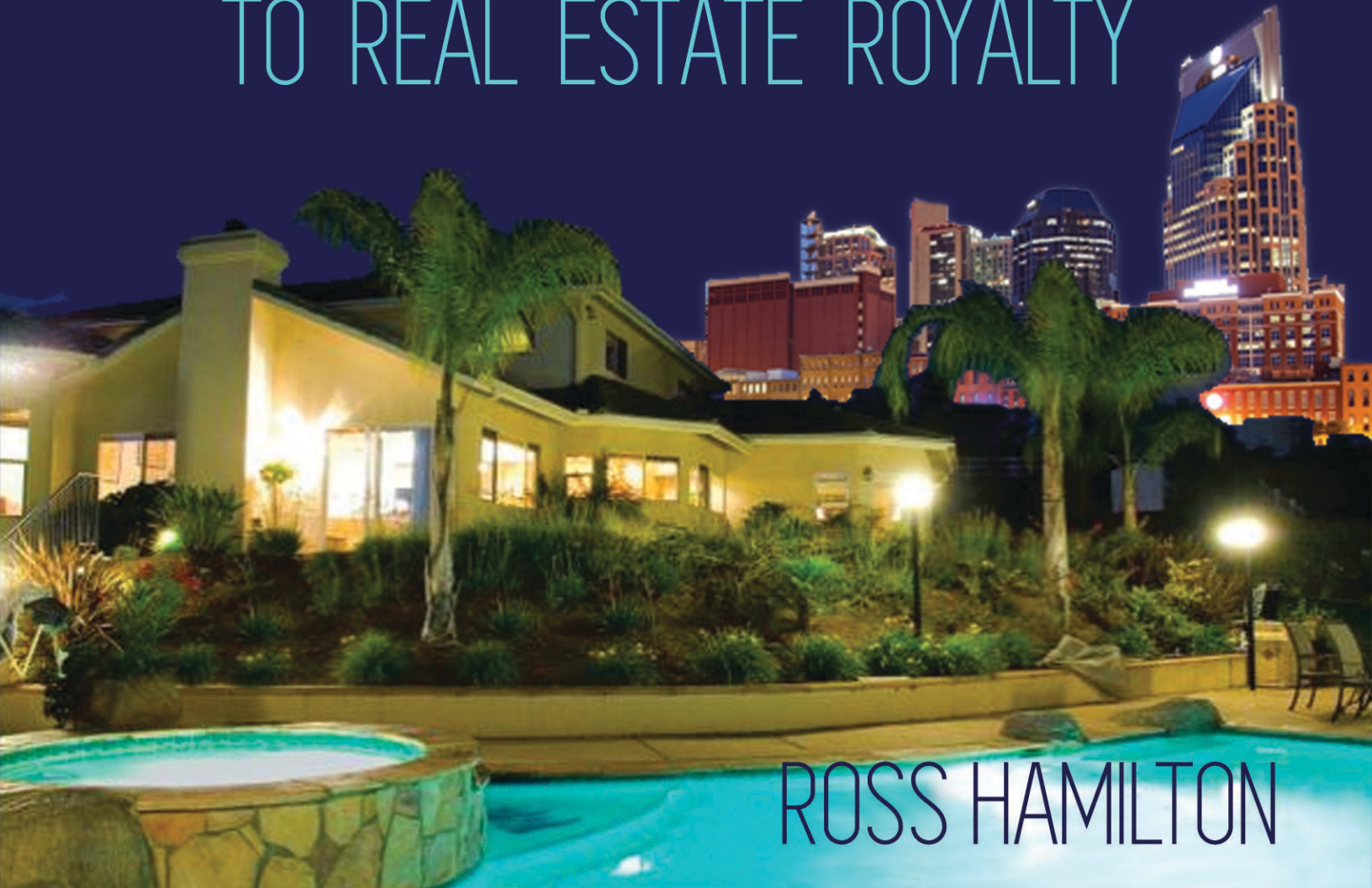


THE RAW UNEDITED TRUTH

About Becoming A Real Estate Millionaire.

YOUR RISE

TO REAL ESTATE ROYALTY



ROSS HAMILTON

The New Real Estate Investing Era Is Upon Us and EVERYTHING has Changed, so here is the question...

WHAT IS YOUR NEXT MOVE?



Host
Ross Hamilton



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- 7** The 3 New Ways To Tap Into Off-Market Property Inventory. **From your phone...** (Meaning you can find deals while you're at work, waiting in line, or on vacation)
- 8** How a new "**Lending Tree**" Like Financing Soloution Allows New & Experienced Real Estate Investors To Have **Lenders Competing To Lend Money At The Best Rates!** (Based off the deal - not your credit)
- 9** New Technologies That Make **Every Aspect** of Real Estate Faster, Easier, & More Profitable.
- 10** **We Mentioned This In Bullet Point 2, However It So Revolutinary, It's Worth Brining Up Again....** On the Call You Will Discover How to Automatically Find Off-Market Properties. How you Can now Push One Button And Have Lenders Fighting Over Financing Your deals. In Addition For The First Time In History You Can Push A Button And Have An Expert Visit A Property And Provide You With A Detailed Valuation Report. **New BILLION Dollar Investments In Real Estate Technology & Data Companies Has Brought Into Reality Things Previously Thought Of As Impossible!** My Team & I Are Going To Get You Up To Speed During This Special Training Webinar....

>>>> **CLAIM YOUR SPOT NOW!** <<<<

Note This is the unedited version prior to the publishers taking out topics/deals they viewed as controversial. This is a memoir that explains exactly how I made my first million in real estate. This is the only real estate book I've ever seen written during the ascent to real estate royalty.*

THE RAW UNEDITED TRUTH ABOUT REAL ESTATE INVESTING

The bumpy rise to real estate royalty

An investing memoir by Ross Hamilton

A 7 year journey to Real Estate Riches

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I was speaking with a gentleman who wrote a mildly successful real estate book, and was shocked at his mindset. He said, "Writing a book is easy. All I did was put some bullet points together, sent it to a company and it is done in 3 weeks."

This book was not slapped together. It took over 7 years to complete.

-- Ross Hamilton

PREFACE

To help you make money in real estate, it is important that you understand why I have spent the last 7 years of my life writing this book. As you know, most popular real estate books are not written by the name on the cover. Most real estate books are slapped together in about three weeks. This book is different. It is not a reflection on my past experiences -- rather, it was written during my experiences. Writing this book while I was taking my journey to financial independence, I have ended up with a valuable record that I want to share with you because I feel it is important for you to get the truth about real estate investing.

This book actually gives you a look through my eyes during each critical step of the journey. I have carefully written and reviewed every chapter of this book.

It is absolutely vital that people get involved in real estate investing at as young an age as possible. The day you make the decision to become a real estate investor will change your life. "When a caterpillar turns into a butterfly, does it know how beautiful it has become?" Becoming an investor is like coming out of the cocoon of the traditional life mold, and turning into a modern day monetary iconoclast.

Don't let anyone fool you. It will take you some time to start seeing money. At first you must dedicate a lot of time and energy to building systems. It's easier to dedicate the amount of time necessary for the startup of a real estate business when you're young, because you don't have a family to support on top of everything else. Instead of going to a PTA meeting, you can go to an REIA meeting. Instead of reviewing homework, you can review your marketing plan. Instead of having to pay big bucks every month for a family health insurance plan, you can spend that money on advertising.

Dedicate yourself to real estate today and you will not have to choose between family or work in the future. I cannot advocate strongly enough the importance of getting involved in real estate when you are young. I would like you to do a little experiment: find someone who is about double your age. Ask them this question: "If you had bought one house a year every year from the time you were my age until the present day, what do you think would be different about your life?" They will give you all the reasons why you need to start investing today.

CHAPTER 1

The Early Mindset of a Millionaire

Money is what makes someone royalty in the modern day. Once upon a time, it was kings and queens, now it's millionaires and billionaires -- in other words, pure power. Most people dream of being a millionaire and once awakened, accept being a millionaire as just a dream. I know the art of acquiring money starts in the mind. At 20 years old, I know I will wear my crown in the near future.

Hello, my name is Ross Hamilton. The original plan was to fall into the rat race by starting my young adult life off in debt through college loans, begging someone for a job in a field I didn't go to school for, and purchasing depreciating assets on credit to bring temporary relief to my situation. This plan changed when I finally decided to open my eyes and take control.

"You cannot win a game of monopoly without real estate."

When you were younger, did you wish to be a skilled warrior? Maybe you wanted to be a samurai or a medieval knight. Even if you didn't run around your house chasing your younger brother with a wrapping paper tube pretending to be a knight like I did, I'm sure you were witness to children imitating ancient warriors. When you were young, they were so cool. They had the skills the weapons, cool clothing, and they always got the girl.

If you're reading this book, you have more in common with samurai warriors than you might think. Medieval knights and samurai warriors were ancient real estate investors. Huh? It's true; these warriors risked it all to get paid in land. Acquiring large amounts of land was their main motivation. If a samurai won enough battles, he would have enough land to "employ" other samurai to fight for him. Whoever had more land was king.

This book is titled Rise to Royalty because we are going to give you the modern day skills to quickly fight your way to the throne.

If history repeats itself as it often does, and the world lasts long enough, maybe one day kids will put on a suit, grab a contract and a business card, and pretend to be a real estate investor. Now that you realize you're a modern day samurai, everything just got a lot more exciting.

Throughout history, the main difference between wealthy people and poor people has been the amount of property they own.

If you are ready to put some fire under your ass, rally up everyone you know, pull together all of your resources and rise to royalty, -- then get ready for the ride of a lifetime.

CHAPTER 2

Why Real Estate?

"The beginning is the most important part of the work" - Plato

Before you read any further, I want to make it very clear that if you want to multiply your chances for success, you need a reason why you want to succeed. This will be the fuel to keep your inner desire burning. This chapter will explain why you should consider spending a lot of your efforts building a real estate portfolio; however, for all of this to work, you need to tell real estate why it should invest in you.

Real estate has everything you could ever want or dream about. You could become a celebrity like Donald Trump, or live a wealthy, quiet life with all the time in the world for family and friends. Why do you want to succeed in real estate? The answer to that question must provide motivation through some financially and personal trying times.

This book will clearly show how a 22 year old "C" student went from having less than \$38 dollars in the bank to \$380,000 in net worth in less than 20 months (a 10,000% gain). The reason why is what kept my sights clear on the goal and success clear in my mind. When you are trying to achieve something and have a strong reason behind your goal, people can sense your passion and will typically not stand in your way. You already have your reason why. Identify the abstract and use it. A strongly driven reason why cannot be stopped.

Real estate investing made sense to me because I realized that in any logical decision-making, it is more common to succeed if you play the odds. Imagine this: I give you magic dice, you examine the dice and notice 4 sides were blue and the other 2 sides were red. I explain that all you have to do is roll the dice -- and if you guess what color the dice lands on, you will have instant financial freedom. Before you roll one of the dice I say,

"Go ahead and bet, red or blue!" Unless you just did not want to win, is there any reason why you would bet against the odds?

I used this same logic in determining what business I wanted to study. I found more millionaires are made in real estate than any other business. To be specific, 80% of self-made millionaires achieve their wealth through real estate. What that means is, if you want to be a millionaire and you plan on doing so through any business other than real estate, the odds are stacked against you. Start off in a business that favors success.

In real estate, your product is almost always going up in value and you are able to take advantage of the best tax benefits. My favorite aspect of real estate is the fact you can leverage \$10,000 into \$100,000. and \$100,000 into \$1,000,000.

The main reason I decided to dedicate myself to real estate is because I have a burning desire not to be a slave to money. A 9-5 job with one week of vacation is my definition of jail. Having a roof over my head on how much I can make would drown my spirits. Basing my retirement on someone else's company policy, or hoping there will still be social security is a risky gamble I am not willing to take. Having the government tax me before I get paid and then tax me on everything I buy is unnecessary. Not being able to pass a decent legacy to my children would be childish. Not being able to teach my children how to enjoy life by having their money work for them would be embarrassing, and having my boss ask me: "Ross, do you want Thanksgiving or Christmas off this year?" is out of the question and sounds like a loose form of slavery to me.

Those are some of my reasons why. All you need is a reason that will motivate you. Once your portfolio is built, it will make you money for the rest of your life. Being young, you have so much time for appreciation and compounded interest.

We all grew up watching different cartoons about people with super powers. Undoubtedly, at some point in your life someone has asked you, or you've taken a few minutes to ponder the question, "What would be the most powerful force in the universe?" What is the first thing that comes to mind? Where can we find the best answer to this question? Little kids go back and forth arguing over this question. Instead of listening to a 3-year-old's explanation, let's ask one of the smartest people in the world; I'm sure we can all be satisfied with that answer.

Albert Einstein pondered this same question: what is the most powerful force in the universe? Let's take a look at a direct quote from Albert: "The most powerful force in the universe is compounded interest" Although the logic behind this answer would not be very satisfying to a 3-year-old, you should be excited if you are a young investor, because you can put the most powerful force in the universe to work on your portfolio today.

Let's take a quick look at the reason why -- no matter what your age -- you need to start getting the most powerful force in the universe working for you today. You're 24 years old and your goal is to have over one million in cash by the time you are 65. Seems like a tall order; however, with the power of compounded interest you will only have to put away \$2000 a year for 6 years at 12% interest. By the time you're 65, your portfolio will be worth exactly \$1,074,968. Or, let's say you waited until you were 30 to start taking advantage of compounded interest. You decided instead of investing your money, you wanted to buy a nice car. You would have to

invest \$2000 a year for 27 years at 12% to reach a similar goal by age 65. That is a \$54,000 investment instead of \$12,000 because you waited 6 years to use the most powerful force in the universe.

Still, to invest \$54,000 and end up with a million is a very good deal. So if you're in your 30's, by all means the time is now. If you are in your early 20's, do whatever you can to pull together funds to invest. In this book we are not going to be talking about making 12% on your money. Compounded interest although powerful, is too slow to keep most people's attention. If you're not excited about investing, then it's just a job, and our goal is not to create another job. It's to turn real estate investing into a very profitable hobby. Hobbies are something you look forward to doing on the weekends. You will stay up late at night and get up early in the morning because they are fun for you.

How can we turn up the juice on compounded interest and get you excited about investing money rather than spending it? What if instead of making 12% on your money you made 250%? Would you be excited about investing \$5000 if it was going to bring you back \$12,500? Then you invest the \$12,500 and bring back \$31,500! Would you stay up late at night and work on the weekends? If you were looking at a car, would you temporarily settle for the less expensive car and put the rest of your funds toward the 250% investment, wait a couple of years, and buy the car of your dreams cash? These are rhetorical questions, because I assume that if you are reading this book you are either academically smart and want to explore how to set up a safe financial future, or you are street smart and want to apply your hustle to something that could bring you wealth.

So now that we have all agreed 250% return on investment (ROI) would be great, how can we achieve such a great return with every investment? How much can you lift? Let's say its 100 pounds. Now, how much could you lift with the proper leverage? Answer: any amount you desire with the proper leverage. In this book I am going to describe the discipline you need, and the knowledge necessary to leverage the most powerful force in the universe.

I typically see over a 250% return on my cash when I invest it in real estate. Last month I bought and sold a home and received over 1000% ROI. Receiving 250% on your money will turn you into a millionaire very fast. You may already be aware of the power of compounded interest. If you are aware of this power and choose to ignore it, you are financially ignorant. Being young, your friends will typically be confused and slightly envious, the opposite sex will be attracted, and your family will be either worried or impressed. When your girl friend's / boy friend's parents find out you own several properties, they will love you. Your friends are flipping burgers and you are flipping houses. What do you think that will do to your confidence? Once your confidence is on the rise, you will attract more successful

people into your sphere of influence, and not only will that bring with it an infinite number of opportunities, but you will realize you can honestly take your life in whatever direction you choose. Once you are out of the rat race, you can't help but build business around the things you enjoy; now you are involved in businesses that are fun, and this makes you a more successful person because you enjoy life.

What are some other reasons real estate is a safe bet? Supply and demand, the most simple of all economic principles. In the 1990's, America added 32.7 million people. That is the highest one-decade increase in the nation's history. The overpopulation surge is not slowing down: experts see the population approaching 400 million by 2040. Picture China, with a huge population: what if 30 years ago you had bought everything you could at 30%-40% below market value.....

CHAPTER 3

Starting Off with Nothing at All

I'm 22 years old and I have earned my associate's degree in business management. I now have a lot of free time on my hands. I have decided to spend a lot of that time at Barnes and Noble reading books on how to acquire money. I have been studying real estate, stocks, psychology, negotiation, networking and anything I could use as a tool to acquire power. I've never had the patience to sit down and read a book of fiction, but give me a book on real estate, and I would finish it as fast as I could. What really helped me was to summarize a book in my own words. I would take a 300-page book and summarize it into 6 information-packed pages. This was great because I could quickly brush up on negotiation, selling, and psychology right before I needed to apply the skill.

Wilmington, North Carolina has had an amazing amount of growth, and everyone speculates on the potential for steady growth for years to come. I saw the quickest path to royalty in real estate. So I decided to stop talking about it and put my money where my mouth is.

I quit my job and decided to claim my crown.

I signed up to take the class to get my real estate license. Even if you don't want to hold a Broker's license, take your local real estate class. You need to understand all the vocabulary 100%, so you can convince clients, private investors, and other agents that you know what you're talking about. It is also very important to understand the laws, HUD statements and the contracts.

A short time after completing the real estate class, I was reading the newspaper looking for information on the meeting of my local Real Estate Investment Association (REIA). One book I'd read emphasized how important it was to be a member of your local investors' meeting. There was a seminar coming up titled, Secrets of Local Real Estate Investors. I attended the seminar and listened to what the three investors had to say. I noticed that only one of them, John, seemed to be successful. After the seminar I wanted to speak specifically to John. I almost chickened out, but then I remembered a quote from the networking book I had been brushing up on right before I entered the seminar room: "Knowledge without application is like having no knowledge at all."

I didn't study for months to walk out of that seminar without applying some of my knowledge. I took a deep breath and pushed my way through the crowd of people standing around John. Thoughts were whirling around in my mind...It was

going to cost me close to \$1,000 to activate my real estate license..... I'd been saving for years and had about \$5,500 in the bank.... I just had to ask a pro his opinion about the necessity of having a real estate license. I interrupted John's conversation and asked,

"Just starting out, should I get my real estate license so I can become familiar with buying and selling houses?" After the laughter faded from the group of older investors standing in a circle, John answered:

"Do you want to show kitchens or make money?" I obviously replied, "I want to make money." He told me to buy options on houses and wholesale them to people at the REIA meeting. During his talk at the seminar, he had said he didn't want to tell us all his secrets, but there was so much business in town he couldn't do all the deals himself. I asked John if I could help him in any way, and he gave me his card and told me to call him. To say the least, I was very excited to have an opportunity to work with a successful real estate investor.

I went home and immediately reviewed my notes on how to successfully follow up with business contacts. I took a head shot of myself and incorporated it into an e-mail to John, thanking him for his time and letting him know I would be in touch with him in the near future. I felt as if I had just scored a cheer leader's phone number and I was trying to figure out how long I should wait to call. Do I play it cool, or show interest and bring flowers? I'd met John on a Thursday, sent him e-mail on Friday, and decided to call him the following Tuesday. Here's how the conversation went:

"Hi John, this is Ross Hamilton. We met at the seminar Thursday, -- do you have a minute to talk?"

"Yeah I have a minute."

"I'm really interested in everything you have going on, and was wondering if you could use me at the moment?"

"Are you in school?"

"I just graduated with a business management degree, and I've finished the N.C. real estate class."

"You know what, Ross, I'm going to do something with you. I'll put you on a referral list; basically, you refer me business and I give you \$500. Most people do 2 a week. Well, you could make more than that, actually. Why don't we just meet for lunch and we will go over everything."

"Sounds great"

That's where I'm at right now. Tomorrow I'm meeting with John for lunch and I will see if his offer is as good as it sounds. The main thing I am trying to gain from this guy is his how-to and his contacts. All my life my Dad told me: "Whatever business you want to own, work for your competition first. Find out how they operate and get all of their contacts, and start your own business learning from your boss' mistakes."

This is my chance. John is the top investor in Southeastern N.C. Even if he gives me a crappy job and I'm not making any money, I will put up with it, as long as I can learn his tactics and start applying what I have been researching for so long.

I felt this contact was going to be worth its weight in gold to me.

The best advice I have for you right now is to go to as many seminars as possible, build up a list of professionals, read as many books as you can, and remember "Knowledge without application is like having no knowledge at all."

CHAPTER 4

A Great Opportunity

Finally! The opportunity I've been looking for! I met with John for lunch and things went great. He is giving me a chance, that's all I wanted. I feel he is testing me. My job description is to find properties that look like they need to be sold. What I am most excited about is the opportunity to ask a successful investor his opinion on investment opportunities. I know this will speed up my learning curve by 1000%. Even though I feel this is a job Mr. Long would give a monkey, I will do the best job I can to show him I take this opportunity very seriously. If I am able to find John profitable investments, I know I will be able to take on more responsibility. This will allow me to oversee many investments and learn by trial and error. I know this will help me build up a very important quality I lack right now because of being so wet behind the ears: confidence. I have the determination to rise to royalty, but my confidence will have to be fueled by education and experience.

It's time for me to prove myself. John has given me an opportunity to work with him and I will not fail. I've devised a plan to find more properties than John can handle. My brother delivers pizza, my good friend is a meter reader, and I am close with people in many different trades through my father's business. I've already sat down with many of my friends and relatives and showed them examples of the type of house I'm looking for. I offered them \$10 every time they bring me a photo and address, and \$100 every time John purchases a property. Within the first week, my contacts brought me a lot of properties to look at. The hard part was not finding potential investments; would you believe it -- the hard part was getting the owner of the home on the phone.

After one month of working all day every day to find a house that looks like it needs to be bought, finding the owner, and setting up an appointment with John, I have not received one pay check. I was not in the habit of wasting my time. I set up an appointment with John to get his advice on finding homes. This last month has actually cost me (I had to shell out for 16 photos plus, of course, car expenses).

As I was discussing my plan to find suitable properties with John, he had to take a phone call. While he was out of the room, I quickly looked through some of his files. I was determined to find out where he was finding most his leads, because I was going broke. I noticed on all of his "Seller worksheets" there was a lot of information on the homeowner's bank account. When John came back into the room, I asked him if it would be important for me to find the homeowner's bank information as well as the other info I had been gathering on each property. He said that would be necessary only if they were behind on their payments. After a couple more

questions, it was apparent to me he was receiving most of his revenue through Pre-Foreclosures.

The next day I decided to make a trip to the local courthouse. I figured I might be able to bring John some useful information. I copied down all the information posted on the foreclosure board. There were two other people there, taking down the same information. Later, I sat down with John and showed him the information, hoping he would be pleasantly surprised. John responded:

"I have someone taking care of that for me; keep looking for properties around town."

Not to be ungrateful -- because just two months ago I thought this guy was worth his weight in gold -- but I am getting frustrated. I have been driving around for months. Out of 10 houses I usually found 2 owners. When I set up an appointment for them to meet with John, they don't want to sell! I have only found one deal in the last 2 months: \$500 for two months of work. I can make more sitting on the corner with a sign. Many of my friends are working normal jobs making \$500-\$700 a week, and I can't even go out with them because I am not making any money.

I was sitting on my front porch looking at my diminishing finances. I noticed a jogger run by. This guy was soaked in sweat, he was putting everything he had into it just to stay moving, and he wasn't even moving very fast. About 30 seconds later I watched a couple of people on bikes fly by, and my frustration was taken over by a smile. I realized,

"Jogging is like having a normal job; if you want to get anywhere you have to work hard. Real estate is like riding a bike; you can push real hard and coast for a while. Better yet, if you're going downhill you can coast forever."

Right now I am learning how to put my "bike" together. Even though my friends are moving, once my 10-speed bike is together I will easily catch up with them and coast right by, even if they are 100 miles ahead.

This thought sparked my second wind of motivation. I printed out a picture of someone putting together a bike and put it in my wallet.

How can I become part of the pre-foreclosure business? I did what I always did and went to Barnes and Noble and found a real estate book with the most information on short sales. I didn't buy it because it was \$24.99. I did read the entire book and made a summary on short sales. What I realized is, if you are able to buy a home cash and don't know how to do a short sale, you will miss out on a lot of opportunities. (The simple definition of a short sale is when a bank sells a property for less than they are owed. If the bank wrote a mortgage for \$100,000 on a

property and sold it for \$80,000.)

After mulling over the process on how you market to properties that you may be able to short sale, I had a good marketing idea. Every book basically tells you to go to the courthouse, gather names of people behind on their mortgage, and send them letters. When I went to the courthouse that first time and there were 2 other people gathering the names, I had to find a way to separate John's company from the other companies.

My simple plan is to put together an audio CD that explains how John's company can help. I will be a student interviewing John and ask him the questions that someone behind on their payments might have about the foreclosure process. We will include this CD with our letter, and this will instantly set us apart.

I presented my idea to John and he gave it the green light. He told me every time we got a deal because of my CD, he would compensate me for it. This is Step One toward getting in on the pre foreclosure business.

CHAPTER 5

The First Property

The biggest move of my investing career is unfolding. At 22 years of age, I'm buying my first house. I have talked about it for over three years, and after being presented a decent opportunity, I decided to put up or shut up. This is the deal: House worth \$140,000; an investor purchased for \$60,000 and put \$20,000 into the rehab. The investor has \$80,000 invested, and after some negotiation has agreed to sell it to me for \$109,000. This price includes his paying all closing costs, so there is no money out of my pocket. What makes the deal even sweeter is that he has a tenant going into the house paying \$875 a month, with a 2-year option to purchase at \$130,000.

The only problem is, I still have way less than \$10,000 in the bank and no real job. So I am pulling out all the stops, putting into action all the ideas I've been storing in my notebook about how to get around being a broke college kid -- whenever the right opportunity should present itself.

The other issue I've run into is getting a decent rate on 100% financing an investment property. This is a lot easier type of problem to get around. It doesn't seem to be that uncommon to plan on a property being your primary residence, and then rent it out one day later. A mortgage broker may tell you that as long as you don't foreclose, these documents will never be reviewed. Fortunately, I had great credit getting into all this. If you are planning on getting traditional financing you will need to see where your credit stands ASAP.

I am so tired of talking about being a real estate investor that no issue is going to stop me from being able to purchase this house. This investment is not a home run hit; however, it will help me build credit, and I will have cash flow of about \$50 a month. What I am most excited about is that the tenant will be paying down my mortgage as the property value is rising. As long as I can keep this property afloat, there is no way I won't get a very nice check one day. I can also take out an equity line to help me purchase more properties. Once I close on this house, my "bike" is ready to ride.

HAVING DOUBTS

Now that my loan is closing in two days, I am having doubts. This is a 30-year commitment. No matter what happens to this property, I have to deal with it. Going to your first closing is like getting married. Signing the papers is taking a legal vow. I was looking through the closing documents and one of the first bold statements

reads: To have and to hold the property, to trustee, its successors and assigns, but upon the trust, and under the terms and conditions of this Deed of Trust, to which Grantor, Trustee and Beneficiary hereby agree. This means you are bound together through the good times (cash flow) and the bad (expensive repairs/ vacancies.)

This is going to be my property and my responsibility to keep it up and running. Signing the papers means I can't take off for months at a time, or do any of those things you say you're going to do once out of college. Yesterday, I drove back by the property and stared at it for about an hour. If I ever want to be financially free, I have to take some risks. I took a deep breath and thought of all the rentals I've been in.....the carefree way of living, just using a house and moving on, not worrying about repairs or values. After I realized I was here for bigger things than just moving in and out of rental homes, my hesitation turned into excitement and I closed on the deal. Looking back on closing this deal I am really surprised I was actually able to get a loan. I have no real job, no experience and no real clue what I am doing and the bank just gave me 100% of the money I needed. From my stand point, what do I have to loose, I have none of my own money in this deal! What other business can someone just decide they want to get into, no matter how completely oblivious they may be and receive, in my case, \$100,000.00 to give it a try.

CHAPTER 6

You've Got to Work on Yourself

THE MENTOR

You have to find a real estate mentor – someone to help speed up your learning curve. The great thing about finding a mentor is that it's really not that hard. There is not one investor that would turn away a motivated individual who wants to work on commission. Look in the paper for all the "We buy houses" ads, and go to your REIA meeting. The great thing about being young is that the investors you speak with will not feel threatened by you. Make sure you find an experienced mentor who has access to a lot of money. Once you have a pipeline of deals coming in, you want to make sure you can capitalize on all of them. When you meet with your mentor, find out if he has any real estate courses he will let you review. My mentor has about 10 courses, and is always looking for a course on something he doesn't know about.

Although I am an apprentice, I know I will be a mentor one day. In this business, if you want to make it big you need a good referral network, and a lot of trained eyes out there looking for opportunities. People like you and me will not let anything stand in the way on our climb to success. My philosophy is to help as many people as I can rise to royalty so that I can have powerful friends that will be more than happy to help me.

*"The richest man is the one with the most powerful friends."
-- Altobello to Vincent, Godfather 3*

There is a certain level of trust you must have in your mentor. At the end of the day, if your mentor decides not to pay you, it would be expensive for you to enforce whatever pay arrangement you have made. In many cases, mentors will give you a percentage of profit. To find out how fair your mentor is going to be to you, use this rule of thumb: If you and a mentor go out to lunch for a meeting and he pays, take notice of the person waiting on you. If he or she does a good job refilling drinks, there are no mess-ups, and the waitress makes the normal small talk after the bill is paid, take notice of the tip left. Ninety-nine percent of the time this will be a great indication of how the mentor will treat you.

MAKE AN EASY MILLION?

For everyone who has seen the infomercials and book titles about how easy it is to make millions in real estate, this section is for you. Those titles and concepts are a great way to sell books, but that's about it. No one is going to hand you thousands of dollars. As a matter of fact, most people will try to take your opportunities away from you. You have to be very creative and learn how to deal with so many different types of people. Every book I've read on real estate gives you a step-by-step plan on how to become a millionaire. It is a beautiful thought, and before I started, I believed it would be easy money. Those stylebooks should be in the fiction section near stores of the boogieman. This book is being written for the purpose of organizing your motivations and making you aware of what is to come. This book will point you in the direction of success; however, you must take the first step.

The idea of anyone being able to coach you through real estate reminds me of when I taught BMX freestyle lessons. I could never fully prepare a student to deal with everything they would encounter once they hit a ramp and took flight. There are a million different ways to do the same trick. As long as you land on two wheels, you are a success. I would show or explain to my students how I would approach a certain stunt; however, most of my success in teaching came from providing confidence and motivation. Seeing makes believers. Once my students watched me enough times and had it in their heads they could do it, my job was done.

If you want real estate investing to be your main source of income, you are going to have to give it 100% and be ready to pay your dues. This business is not a secret; however, only the people with a strong reason why actually rise to royalty and live the dream. My mentor, John, told me the only reason he keeps me around is because of my persistence. Until you know what you are doing, the only thing you have to offer is your hustle.

Must Do Tip #1: You must understand that if you have no real estate knowledge, no contacts, and no money, it will take time to rise to royalty. Don't measure your success in profit, it will come. Measure it in how much knowledge you obtain, contacts you make, and money you gain access to.

SELF CONTROL

This will be the make-or break section for many investors in their 20's. If you cannot control your schedule, partying, and sex drive, you will have a very hard time being successful in real estate. Successful people are able to control the outside influences that will cloud their goals. I looked at my life and realized most

of my motivation came from the desire for the opposite sex. If this motivation was not correctly channeled, I could end up damaging my chances for success at an early age. Realizing this, I've succeeded so far in pushing my desire for the opposite sex into business. This quote from movie Scarface really helped:

"In this country, you gotta make the money first. Then when you get the money, you get the power. Then when you get the power, then you get the woman." - Scarface

Having this quote in front of me has helped me put all of the desire I have for sex and love into business. Think of all of the time, effort and money some people put into the opposite sex. Imagine if that desire went into planning how to be successful in real estate! This time last year I was trying to meet the person with the hottest girls around, now I am looking for the guy who has access to the most investment opportunities. The same amount of effort, but double the benefits. Look inside yourself and figure out what really motivates you, then apply that motivation toward real estate -- and with that slight shift in motivation, it will be easy to have self-control.

THE VALUE OF REAL ESTATE COURSES

When you're first starting out, you have to listen to as many real estate courses as you can. It's beneficial to take a course; however they are expensive, so find someone with a course and borrow it. I have gotten courses from my mentor and swapped courses with someone I've met at the REIA meeting. If you cannot find a course it is important you buy one.

If only every class in college were a real estate investing course, I would be retired already. I have personally studied over \$10,000 worth of educational material, and attended one 3-day class. These courses go into more detail than anyone ever could in a book. A course will usually include 6-12 CDs, some DVDs, forms, programs and access to speak with a real estate guru for a certain amount of time. If you can't find a mentor, you can pay for one. If you do not have the funds, do what you can to save/borrow the money. You will pay the \$2000-\$3000 one way or another. Most people who put as much emphasis as I am doing on buying a course are actually trying to sell you one. Please take this as an unbiased opinion, because I do not have a course to sell you. I have personally learned a great deal from the courses I have reviewed. If your mentor is providing all of your knowledge, he may purposely leave out certain important pieces of information in order to make sure you keep on working for him; the course won't do that. Education is everything in real estate. In this field you will never stop learning.

LOOKING BACK

As I mentioned earlier, I attended a 3 day training seminar on investing in real estate. It is was not until 4 years after originally writing this section that I remembered the other students' reaction. The other students attending the seminar were all at least 15 years my senior, with an average age of 45. I remember people coming over to me, praising me for being at the seminar, telling me how rich I was going to be and how they wished they had known this info when they were my age. Everyone was so sure I was going to attain all of my goals, and that encouragement empowered me, it motivated me, and it gave me the confidence I needed to keep pushing. Go to a training seminar – the motivation it will give you will be worth every dollar

CHAPTER 7

Building Momentum

Building a team starts with building a dream

Once you are able to speak intelligently about investing in real estate, you will be able to build the dream in other people. If you do not honestly have the dream of rising to royalty through real estate, it will be next to impossible to build it in someone else. Building this dream in other people is very important. If someone has a burning inner desire to change their life with real estate, and believes you will play a key role in their success. You will be able to make thousands of dollars through their efforts. This type of relationship is great, because you can point them in a direction that provides a mutually beneficial relationship. My mentor channeled my desire and has built so much wealth, it's truly remarkable.

You need to speak to everyone you know about real estate. Always let them know how great you are doing, regardless of what might be going on. You never want to sound like you're not sure of yourself; no one will follow someone who second-guesses their decisions. When you build the dream in others, they may help you with the million tasks that need to be completed every day. You need people to do most of the running around for you -- just like I appeared out of nowhere and have made John hundreds of thousands of dollars in 6 months. If you're actively chasing leads every day, the people you will work with will fall out of the sky, do whatever you need, and make you a lot of money, as long as you can build and reinforce the opportunity they have working with you.

When I first started working with John, I didn't receive one dollar from him for 5 months. If John hadn't constantly reinforced the dream, I would have never been able to stay on track. Now that I have been through approximately 14 real estate investments with John and have been doing this full time for 6 months, people are starting to come to me, asking if they can work with me. I have had people in their 40's ask me if they can work with me. At first this feels weird. I also have a lot of people in their 20's, just out of college, wanting to help me. I will work with anyone that wants to get paid commission -- I have nothing to lose.

BEING YOUNG AND INVESTING IN REAL ESTATE

"The big shots are only the little shots that kept shooting."

--Christopher Morley, Business Inspiration Quotes

It is great being young in the real estate game. One of the best things about being young is you don't have the stress of having to make money to support a family, because it often it takes time to establish yourself in this business. Two years ago I decided I was going to be a real estate investor; it took over 18 months for real estate investing to put money in my pocket. Other benefits of being young include people constantly praising you for what you are doing, which adds to your confidence. More successful investors are willing to mentor you and/or give you advice because they don't see you as a threat; you're just a kid. You can play dumb to suck information out of anyone. One of the benefits I have enjoyed is everyone remembers you: "Yeah the young kid, I know him."

You have to give people a reason to remember you. If you are young and ambitious, people will remember you. If you're a young ambitious girl, I believe even more people will remember you. The best thing about getting into real estate investing young is that you can retire young. I'm sure you remember the example I used earlier in the book about your super power: compounded interest. It is such an important lesson; let's take a look at that quote again:

"Compounded interest is the most powerful force in the universe." -- Albert Einstein

If you buy a \$100,000 dollar home today for \$70,000, rent the home out for 10 years -- in my market -- history proves 10 years of appreciation will more than double your money. You should easily be able to sell that same house for at least \$200,000. Wouldn't it be nice to start off at age 20, and buy one house every 2 years? At 30 you're selling one house every two years, making \$100,000+ even if you never get off your couch. By the time you're 40, you have over a million. I hope that everyone who picked up this book was doing so to become a millionaire, because there is your plan. Get excited, you can do it, this plan is simple, proven, and I guarantee you, if you put this book down today and come back to it in ten years, you will wish you had bought real estate.

CHAPTER 8

Starts and Stalls on the Road to Royalty

ONCE YOU REALIZE YOU HAVE MONEY!

I have finally come to the exciting realization that I have money. For so long I have saved every dollar. "The more money you have, the more problems you have" is not just a quote by biggie smalls.

Before you had money, the only problem you had was how to get money. Now that you have money, the issues you have to deal with get more complicated and come from every direction. Once you start showing income, you have to deal with the one partner you will be learning how to deal with for the rest of your life: Uncle Sam. This is the family member you can't shake.

You must have a plan for how to spend the money you make efficiently. Taxes become an issue, and the main thing you have to consider is how much income you want to show. Show a lot of income and pay a lot of taxes; don't show enough income, you will get higher rates on mortgages because you have to go "stated". Get an accountant and pay the \$75-150 a month to have a bookkeeper. My accountant constantly reminds me of where I stand, what I need to do, and makes sure I don't commingle accounts.

USING RELIGION

7-10-05

This section was written from personal observation. I cannot help but notice the businessmen who use religion in their marketing. In real estate, you have to build rapport with your clients. I have watched many businessmen use religion to gain trust from people. It seems only natural to use this approach if religion is a huge part of your life. I have seen investors get phone calls solely because they used the term, "God bless" in their marketing. If you can find a way to instantly gain people's trust and you feel comfortable, go with it. Church can be a great place to start your network.

ONCE YOU REALIZE YOU DON'T HAVE MONEY!

The good news is, I just purchased a primary residence worth \$254,000 for \$138,000! The bad news is, it cost me everything I had and then some. Just last month I had closed on several investments that instantly made me money, and had other homes in the pipeline. This month my quick money is coming a little slower. What really got me was a deal that seemed as good as done. It was going to make me some great quick money -- and it fell through. I had a nice chunk of money in savings, but I had to buy this home ASAP. My credit score and DTI are looking really bad because of all the recent transactions. To get this deal, I promised the seller a closing in 30 days and put time is of the essence on the contract. I just can't get around this home costing me \$20,000 to close on.

In retrospect, I should have taken it easy on the impulse buys and vacations. I also spent thousands on my business and advertising. This is the first time I've ever had real money. I'm a single, 22-year-old guy and have thousands of dollars coming to me every week. I felt like I deserved some things for all my hard work. I was also feeling quite confident, so I quit my part time job.

The house I just purchased took all of my money to close. I now have a grand total of \$38. This is not a good feeling when you have a \$1,200 credit card bill, \$5,000 in repairs, and \$2,000 in other monthly bills due in the next 2 weeks.

Promise me this: When you find yourself making money in real estate within the first year and you quit your day job, keep some good reserves in the bank. Real estate can pull just as much money out of your pocket as it can put in, and it always seems to come all at once.

If I don't qualify for my equity line, I will be in a huge financial mess.

LEARNING FROM MY MISTAKES

8-1-05

My lack of experience, plus the fact that I was only listening to what I wanted to hear, caused me to overlook some key issues. I did not plan correctly and have been denied by everyone for my equity line. Because it was so difficult to qualify for my loan to purchase the house, my credit was checked so many times, it has hit an all-time low of a 630. No one can get me refinanced. They all want to see 6 months seasoning on my loan, SHIT. Excuse my language; however, I need to pool together \$5,000 just to pay my bills. To put it plain and simple, I am in financial trouble. I can only hope all my tenants pay on time, and I'll be able to close on some decent deals ASAP. When a man's back is broken, his true character will always show. This is my opportunity to prove to myself I can cope with stress.

Just to give you an idea of how broke I am: it's August in North Carolina and I'm driving around with my AC off to save gas, my new girlfriend is feeding me, and I owe my parents \$1,600. If I can make it through all of this, I will have over \$100,000 in my bank account. Right now I'm looking for roommates, hoping to collect first month's rent and deposit.

"If cash is king, then credit is queen and we all know the queen can have a huge influence on what the king can achieve."

Take care of your credit today! Although there are ways around bad credit, it will be like oiling the joints of your business if you improve your credit score. If you don't know what your credit score is, or you know you have bad credit, start to work on raising your score today.

Another lesson I learned from this: only take advice from someone who has been in the business for a long time. My mortgage broker assured me he would be able to get me refinanced ASAP. That was my financial life jacket; right now I'm treading water in the financial ocean. I'm balance-transferring my credit card bills, and eating ramen noodles.

Must do tip 2: Boost your credit

CHAPTER 9

My First Year! What Did I Learn?

FAMILY AND FRIENDS

Family and friends are priceless. If you haven't already learned this valuable lesson, investing in real estate young could help you realize how much you should appreciate your relationships. My rise to royalty would be much more painful if it weren't for my family and friends. Right here I want to sincerely thank the people who have been there for me when I had nothing to offer but a thank you. My dad and I have been fixing up my new house together every weekend. My mom has been helping as much as she can. My uncles have spent some time helping me, and my girl friend has put up with me being totally broke.

CREDIT

We are talking about credit again. The more you dive into real estate, the more the issue will come up. To put things in perspective for you: trying to be a real estate investor with bad credit is like being a boxer with a sprained wrist. If you do not have good credit it's nothing to be ashamed of (only 2% of Americans have a credit score of 750 or better), and should never stop you from diving into real estate. You can always use someone else's credit.

If you apply for a loan on a \$100,000 home and receive an interest rate 1% lower because of good credit, you will save approximately \$30,000 over the course of a 30 year loan! Your credit should be something you keep on your mind, take very seriously, constantly monitor and improve.

DEALING WITH YOUNG PROFESSIONALS

I feel like a hypocrite writing this section; however, this is a lesson you need to learn from someone else's mistake. Don't deal with professionals who have been in the business for less than 5 years. I'm talking about mortgage brokers, accountants, appraisers, attorneys, labor and anyone else. I wish someone had told me this couple of years ago; I would have avoided taking bad advice from many different young professionals. It is only natural for you to make young friends that are mortgage brokers and real estate agents, but don't give them your business. Refer them as much business as possible, let them learn on someone else's portfolio. The young professionals will obviously seem the most outgoing and give you all the

"Yeah, I can do that, no problem" answers, but nothing will ever get the job done like experience. What I've learned is that people who are extremely hungry for commission will drag you along, as long as possible. You need people who can give you the most valuable advice: hindsight. We have all heard the expression "Time is money." Let's put things in a brighter light: "Your time is your money."

I will no longer give my business to anyone who has not been in his or her field for less than 5 years.

CHAPTER 10

Moving on Up

REPUTATIONS

A reputation is like a card castle: very hard, time-consuming to build, and one wrong move and it's all gone.

In the real estate world, reputation is a very important tool. If you upset the wrong person, your 10-story card castle can be leveled. I am learning this from a safe distance. There have been certain situations where individuals I have given my business to have looked me in the eyes and lied directly to my face. I am going to be in the real estate world for a very long time, so this individual just lost tens of thousands of dollars of repeat business and a lifetime of referrals. Actually, the same day this individual lied to me I had over 6 people stop working with him, 2 of those individuals were millionaires.

If you tell someone you are going to do something, you must follow through -- even if you're going to make a little less money today.

SOMETHING THAT CAN BE A LOT OF FUN!

Because the most important part of any real estate deal is the financing, you must focus on building relationships with wealthy people who will want to work with you as private investors. This is one of the most important steps in your young real estate career, and was my New Year's resolution for this year. You can never know too many millionaires. I believe at least 50% of your time should be dedicated to finding the people with the money. Once you have access to millions of other people's money, you will feel like you've gained a special power. You now have the power of money. I am 23 years old and I have access to \$10,000,000. I want you to do something for me right now. Put the book down, take a deep breath, close your eyes and, and very slowly, say "ten million dollars." How did that feel? It's very hard for most people to say "ten million dollars" without a smile on their face.

Being 23 years old with access to that type of money is an accomplishment in itself. I can access those funds in 48 hours. The main restriction is, I can only use that money to put a 60% first mortgage on a property.

For me, getting access to these funds has been fun. While everyone else my age was getting told what to do by their boss, I was hanging out on a yacht on a Tuesday

afternoon -- drinking a Crown and Coke, talking business. If you are young and this happens to you, you know you're "in". You can see it on the investor's face: "This kid reminds me of myself."

Everyone and their mom wants to invest in undervalued real estate, but most people do not have the time. After you've invested your time and your smarts in setting up a good marketing campaign, this business is only as time-consuming as you want it to be. I can't tell you how to find the people with money in your town; however, usually all you have to do is ask.

If someone has money sitting around and they believe you can find them real estate investments at 60% of the value, there is no reason for them not to say, "O.K. Kid, bring me a deal." If you are associated with enough successful people, success will rub off on you. Networking with millionaires will help you in many different ways. You will understand that most of these millionaires are nothing special. They may offer you opportunities you never dreamed of. Make someone a quick \$30,000 and they'll not only love you, they'll brag about you.

My favorite feeling is when I sit down with a millionaire, look him in the eyes, and I fully believe -- and know -- that I will be more successful than he is by the time I'm his age. This is how I level the playing field in my mind, and that's all that matters.

NEVER STOP LEARNING

We are all aware of the saying: knowledge is power. You made a decision when you opened this book to gain what power you could from the lessons in this book. Never stop acquiring power. You can never know everything about real estate; however, your goal should be to try. There are hundreds of courses available. I strongly exhort you to purchase a full real estate course. A book will explain what you will be up against and give you motivation. Keep in mind, though, that all a book can really do is get you excited and point you in the right direction. Never stop learning; you can always improve on what you're doing. You need that time set aside for more research. Just as real estate agents routinely have to take a certain number of continuing education courses as a requirement for keeping their real estate license, you need to do the same.

One caveat I'd like to mention: Recently, I have been working toward organizing a team to do a land development project, and while engaged in this process, I've noticed a trend among successful home buyers. Once someone has made good money in the home buying business, they either move into land development/commercial, or sell courses on how to invest, or both. Please, if you don't yet have the team together and the basic knowledge on buying and selling homes, there is no reason to skip Step One.

I am simply opening your eyes to how big your rise to royalty could be. If you are like me, you were looking for real estate investing books because you wanted to learn how to make an extra \$40,000. I'm telling you that once you apply this knowledge, the world will open more doors for you than you ever thought existed. You will have so much opportunity; you will be able to be picky on how you want to make money.

FIRE!

On my way to work this morning, I received a phone call. My rental house caught on fire! The tenants left the stove on, and now I have to deal with the rebuilding of a kitchen. Thank God for homeowners insurance! The only real problem here is that my renters do not have renters' insurance.

There is a lot of liability in being an investor. You have to make sure you don't get sued -- and real estate investors are among the top 5 businesses that get audited most frequently.

Since my renters did not have renters insurance, my insurance company will be suing my tenants for the thousands of dollars in damages. There is \$18,000 worth of damages. That \$18,000 is what it would cost if I had the top contractors come in and fix everything. I don't want my tenants to have to pay \$18,000 for something that can be fixed for less, so I told the insurance company I would accept \$10,000 if they do not file a claim against my tenant. The insurance company happily agreed. I am paying for materials, and in this case, fortunately, the homeowner is very handy, so I am having him do all the work.

What seemed like a bad situation will give me a new kitchen and raise the value of my home. I love real estate.

I AM THE MENTOR

Looking back, it has been about 20 months since I took on my mentor. The apprentice is now a mentor to others. This will happen to you. Reading the earlier sections in this book, I see that the day I took on a mentor, I somehow already knew that I myself would become a mentor in the near future. One day I would be viewed as an expert in my field, and people would come to me for my knowledge. I know how to make money in real estate, and that's what people want to learn. That's why you are reading this book. I still don't feel like an expert. The more you know, the more you realize you don't know. To me, real estate investing is an endless journey of education and skill-sharpening.

CHAPTER 11

Taking Off the Training Wheels

After months or years of working with investors using OPM (other people's money) and OPC (other people's credit), you will realize it is hard to become a millionaire if the property is not in your name. I have made 2 of my mentors over \$1,000,000, and now have a very qualified, trusted team of advisors and professionals I can pull resources from. When you're young or indecisive, it is difficult to make the jump from "Bird dog" to investor because of the responsibility of having homes and loans in your name.

The process involves a vexatious cycle of minimizing taxes and getting loans. The point I'm trying to get across is: an obstacle you will have to overcome if you are an aggressive real estate investor is, how to finance your properties and maximize profits. If you choose to finance your investments through a bank or if you stay "bird dog" and you are not in control of the property. You will never rise to royalty.

Right now, as I am typing these words, I am on hold with my lawyer. Tomorrow I am closing on a property. I will be able to leverage \$3,000 secured by \$40,000 in equity, and I am projected to profit \$20,000. Leverage is how you become rich. (I strongly recommend you look into taking over mortgages Subject to existing financing. (See page 56.)

"Becoming a millionaire is like trying to lift a million pounds. Only possible with proper leverage"

Once you have worked with someone for a while, you will start to gain the most valuable knowledge for real estate investors: experience. I have seen how hundreds of real estate transactions played out, from "We just made \$500,000" to "We just lost \$50,000." I have advised you to work with a mentor and help him find profitable investments. If you do this, you will eventually have a system in place to find good investments. Watching these deals go from leads to profit using OPM, you will gain experience. When speaking with other investors, you will be able to hold a good conversation, speak intelligently about past investments, and compare notes.

Now that you have experience and a good source of leads coming in, it is time to learn how to "Cherry Pick." If you get a phone call about someone wanting to sell a home, instead of simply passing it to your mentor as you've done in the past, analyze the deal for yourself. If it looks good, do it yourself. If something about the deal is not working for you, pass it on to other investors and watch how it goes from

the sideline. Cherry Picking will allow you to always take a step in the right direction.

Throughout history, a business that sustains success has used the crawl, walk, run strategy. However, in real estate after run comes ride!

- **Crawl:** Find a mentor, learn everything you can from him, build experience and a team. Learn how he does what does successfully, and then improve on it.
- **Walk:** Cherry pick deals. Do a couple of deals yourself. At this point you are still working with your investors; you should have about five investors you work with by now.
- **Run:** Once a couple of your cherry pick deals close and you deposit \$50,000 in the bank, you will not need to work with other investors. However, if you're smart, you will still have good relationships. Now, instead of being a bird dog, you and your investors will have LLC's set up and you partner on deals.
- **Ride:** The ride part of real estate is why I got involved. Once your real estate is set up properly (and you will learn what properly means to you throughout the process), your real estate will take care of you in so many ways.

So get excited, you have a lot of fun ahead of you. Make things happen, and you can live and invest with no worries. Every morning when I wake up, my primary goal is to learn about money and how to properly invest. When I invest \$3,000, it is secured by at least \$25,000 in equity and has a 20%+ ROI worst-case scenario. No matter what the stock market does, my \$3000 is safe. Housing would have to drop 50%

overnight for me to lose money. If housing drops 50% overnight, I will probably have more important things to worry about, like a depression across the country.

Everyone has seen the infomercials on how to make millions in real estate – their process might not be correct, but the concept is right in line with:

"You don't build your real estate portfolio to rest on, you use your heightened elevation to locate opportunities, and jump to the next level of wealth."

MISUNDERSTANDING AN IMPORTANT FEELING

If you ever feel like you need to "save money," I hope you spend some time to analyze your motivation. What problem will saving money solve? How much do you hope to save? What are you going to "give up" in order to achieve this goal of saving money? Giving up something always seems to be the solution. The real solution is, you need to give up saving.

Today, if you are saving money in an account that does not give you at least 6% interest, you're losing money every day. Match that fact up with your motivation and what you hope to solve by saving money. You will easily realize you're moving in the wrong direction. It's great that you understand you need to save money for the future.

If you are actually able to save money, there is hope. You are doing better than 95% of Americans. The last statistic that I read on the national saving average was: "The average American spends 1.11 dollar to every dollar earned." Don't get excited because you're in the top 5%. You do not want to compare yourself to the masses of America when it comes to money management; it's not a fair comparison. Unless I'm missing something huge, the American government cannot even manage its money. Why do you think your dollar is falling so fast? Using America from any angle of comparison would be like being in a school for the mentally incapable and bragging because you're one of the best students. Comparing yourself to the national average is like being pleased with making a passing grade in a school with teachers who couldn't even pass the tests they are giving. You need to only compare yourself with the rich. What is the national average among the rich as far as saving money - real estate - stocks? - Percent of spending money. Money Education. The feeling of needing to save money is tricking your mind.

"The frustration of not knowing how to advantageously invest often comes disguised in the feeling of needing to save money."

QUICK FLIPS SUCK

The first question I ask someone wanting to work with me is, "What are you looking for in a real estate investment?" and the answer I get every time is: "I want to flip homes." It's OK to think that way. Most real estate books are marketed toward making millions by quickly buying and selling real estate. What I am going to introduce to you here is a new reality, in which the first step to becoming rich is changing your perception. So we're going to pause, take a deep breath, and stand back so we can get a look at the bigger picture. Once you've read this section, you will hate selling any home you own.

You want to quick-flip homes, then what? Think about that for at least a couple of seconds. Then..... What.....? After you make your millions in real estate by "flipping homes," what are you going to do? Your taxes will be 33% of your income, you will lose most of your tax write-offs, and most importantly -- you will lose the power owning real estate provides.

Consider this scenario: I leverage myself so well that one day; I own all the real estate in the country. I own every parcel of land from NY to CA. Who has more

leverage -- me or the guy with a billion dollars CASH? Weapons aside, who has more power -- me or the government? No one can stop me from raising rents, and if it weren't for the law of eminent domain, I would have complete control. In many countries, foreigners, and sometimes even locals, can never own the land; they are only allowed to lease it. Many smaller countries realized long ago that if citizens of a wealthy country buy a large part of their land, those landowners will have too much power. REAL ESTATE IS POWER.

Most quick-turn real estate investors don't understand that real estate is more than money, it is leverage. Real estate is one of the very few tools available that can enable you to achieve magic: Spend some time learning and find a really great deal, use no money, and become a millionaire.

Let's look at my second home:

I bought the home for \$138,000 with no money down. Within 30 days I had the rooms in the house rented, so the home was not costing me one dollar. Six months later, appraised value was \$254,000 and I still had no money in the deal. I pulled out over \$25,000 cash and set up an \$85,000 equity line.

Fast forward to the present: I have leveraged just that one equity line into many other homes. I have equity lines on the other homes to buy other homes. Are you starting to see the power in the buy and hold? Theoretically, I will become a multi-millionaire simply by correctly leveraging one real estate deal that I have no money in. So many people want to get into real estate to make quick money. Holding real estate is power. This book is titled Rise to Royalty. Other than money, what comes with royalty? Power.

Guess where I got the money to publish and market this book?

CHAPTER 12

Should I Get a Real Estate License?

TO BE A REALTOR OR NOT TO BE, THAT IS THE QUESTION

If you are getting into real estate, deciding whether or not to be a Realtor may become a question. What is the answer? As you may or may not recall, this is the very first question I asked my mentor, so let's take a step into memory lane and go back to 8-17-04, when I wrote the following:

"I had to ask a pro his opinion on having a real estate license. I interrupted John's conversation and asked, 'Just starting out, should I get my real estate license to become familiar with buying and selling houses?'

After the laughter faded from the group of older investors standing in a circle, John answered:

'Do you want to show kitchens or make money?'

I obviously replied, 'I want to make money.'

He told me to buy options on houses and wholesale them to people at the REIA meeting."

It is 100% true that you do not need a realtor license to rise to royalty, and not having your license will keep your mind in the right direction. Having a license may make it easier for you to take your eye off the original goal of rising to royalty through real estate investing. Having a license puts you under the microscope on every transaction you make, and signs you up to vexatious laws and processes you MUST follow that will limit your flexibility. However, in retrospect, looking back over the last couple of years, I realize that if I'd had a license, I could have made some nice commission checks. It would have been one more stream of income when times were slow. Every book I have ever read that gets into this topic states a different opinion, and they never give you the answer. I have the answer. This is the answer that will give you all the benefits, so let's go over some of the benefits of a license, and then review some of the situations I have been in, but found myself unable to maximize my profit because I didn't have a license:

1. **Save money on taxes.** If you list a home and sell it, you can charge yourself a commission of up to 10%. Profit on the sale of a property is taxed up to 33%.

Income earned off a commission is ordinary income and the taxes are less than half. This is an easy, clean way to save money on capital gains tax.

2. **Access to the MLS.** To put it bluntly, you need access to the MLS. It's getting harder and harder every year to get access without a license. Six months ago, all I needed was an access code to pull values on a home. Now, Realtors get key chains that have a digital code. This digital code changes every 2 minutes, and it has made it a pain in the ass to get on the MLS site, which is something I need every day. In the near future, they will probably have finger or eye scans.

3. **The legal right to charge commissions to sell other people's properties.** On more than one occasion I have found myself in the middle of a multi-million dollar deal. It is hard to tie up and flip a property of that size without a substantial, non-refundable down payment. If you are going to try to pass a very large deal to another investor and you do not have an equitable interest in the property, the only thing you can try to do is put a consulting agreement together. Again, a big pain, besides which any consulting agreement you put together is nowhere near as enforceable as a realtor contract. If you're in front of a judge and you've got a Realtor contract, you win; if you've only got a consulting agreement, you might win.

Sometimes you will refer BIG business to a realtor, and without a license it is very difficult to get a kickback. The No. 1 reason is, it's illegal and the realtor can lose their license. Don't get me wrong; most realtors will discreetly give cash kickbacks, but they are nowhere near the monetary size a commission split would be.

These are the only reasons I have ever contemplated having a realtor license. So what is the answer for people like us, who want it all? This solution may not be a "today" answer for everyone -- but it is the only answer that gets you the best of both worlds: Have your significant other get their license. Now you can play whatever role you want. If you need the realtor commission, put the whole deal together and have your significant other step in once it's done. He or she will be very happy to earn all this extra money. Now you just have to convince him or her to take the classes and the test.

CHAPTER 13

Keep Your Eyes Open -- and (Maybe) you'll See it Coming

IF IT WALKS LIKE A DUCK AND SOUNDS LIKE A DUCK, IT'S A DUCK

I'm sure you have heard the title of this section before. However, when I was in a situation where this quote could have saved me a lot of time and money, for some reason I decided to ignore the little voice in the back of my head repeating that bit of wisdom more than a few times.

I have been encouraging my readers to work with an investor and split the profit once a property sells. This is great if the investor pays. In the actual situation I'm talking about, I was working with an investor who told me, "I don't work with people who need contracts. I don't work with people who don't trust me, and I don't trust people if they insist on a contract." Well, that's the walk-and-talk part. When push came to shove, he paid me one-fifth of what we had agreed on. This put me in a bind because I had promised my partner a certain dollar amount in this transaction.

Just because my investor did not honor his word did not mean I was going to back out of what I had committed to. I paid him every dollar I had promised. The deal cost me \$500. However, it is so important to keep people bringing you properties, don't bite (or be cheap to) the hand that feeds you. The lesson is, of course, that you must always get an agreement in writing up front. This agreement must include what you are going to do and what they are going to do.

TAKE IT TO THE NEXT LEVEL

The previous entry in this book is what gave me the little extra push to take it to the next level. I had made my mentor a millionaire many times over, and had made another gentleman about \$150,000 in 2 months. I then had to take a step back and figure out what was holding me back. It was, very simply, fear -- the fear of loss. Fear of loss accounts for 70% of your motivation, whereas the drive to gain only accounts for 30%. So let's turn this around, and put the fear in our favor. I'm scared NOT to gain, what if my life changes and I never have another opportunity to buy and sell real estate? I will have to become a slave... I mean, get a "Real Job". That is truly my worst fear, to have to work 9 - 5 for someone else. I don't care if my job is to rub lotion on swimsuit models, in my mind to have a boss is to give up a part of your freedom. There is a little switch inside us all that will give us the confidence to

move toward what we want. For me, that switch was having my partners screw me out of well over \$50,000. I was only mad at myself for not properly capitalizing on the opportunities that had crossed my path.

It has been a few years now, I have seen it done, understand what the bottom line will be, and what it will take to get there. I have the relationships built, the confidence and the available funds; it's time to rise to royalty.

What is the best way to buy real estate, now that we are using our own money? I have now been a part of hundreds of transactions, so let's reflect on what works and why. First off, we have to figure out what we want at this stage of the game. Let's start with a best-case scenario: We want low risk and high reward, we want to have cash flow every month and still have the opportunity for a flip. We also want the ability to borrow against the properties we take control of, in order to leverage the equity into other investments. Most importantly, we want full control, don't want the properties to show on our credit, and we don't want to use much cash. Also, it would be nice if we did not have to do a lot of repairs.

Any ideas? If you could predict the future, wouldn't you pull every dollar you could together to invest or gamble? I believe this concept is the premise for a back to the future move. I would take out equity lines, borrow money from credit cards, family, and friends, pull all my cash together and invest. You can't lose, so might as well go all in. The investment I am about to introduce is so good right now that the government is trying to make it illegal.

If you have available funds, whether it's cash, equity or money you can borrow from anyone, you need to put it to work. Having money not working would be like having a healthy 25 year old sleeping on his parents' couch every day. You would probably give him a look of disgust and say, "Why you don't do something with your life?" When I see money just sitting there, I look at it the same way. It makes me sick to see \$20,000 just sitting there watching re-runs of Seinfeld and taking up space. Plus it's bad for the economy to hold all your money.

Once you have at least \$10,000 available to invest, you need to get your money working for you, because the type of investment I am about to introduce to you to is almost like predicting the future.

Here are the basic details of an investment I am closing on this week:

I am taking \$4,874. and cash flowing \$150 a month. That is over a 30% ROI. If a month goes by and I do not receive my 30%, I have the opportunity to make \$70,000. Let's go back over what we want in an investment and see if the investment strategy I am using checks out:

1. Low risk, check
2. High reward, check
3. Cash flow every month, check
4. The opportunity for a flip, check
5. Borrow against it, check
6. Not on my credit, check
7. Full control, check
8. Not much cash up front, check
9. Repairs, on this house just paint and carpet, check

After doing one of these transactions from start to finish you will need a cold glass of water, it's that good.

Sounds like we found ourselves an investment strategy, the Subject to. I am not even going to give you the definition of a subject to. I want you to be motivated to buy a course on this topic. No matter how long you have been investing, you need to fully understand how to use the subject to if you want to quickly rise to royalty. I use the subject to as my buy and hold strategy. Every time I structure a subject to, the old homeowner becomes my tenant, and I make sure I am going to see at least 30% return on investment in the first year. Each of these deals will cost you an average of \$3,000- \$10,000. Typically, only motivated sellers will allow a subject to.

Where do you get the money? Pretend for a moment that you can predict the future. Where would you get the money to gamble? I pull all my funds from equity lines. If my equity lines run out, I will pull money from credit cards, family, friends.... After a while, a couple of deals would have been flipped and you'll reinvest that money. Remember, there will only be two ways a subject to deal can go if you structure it correctly -- either 30% cash flow, or an eviction and a flip. Typically, I have 40% equity in my subject to deals. You can flip a home quickly in any market if you offer it in good condition below market value. As long as you can accurately tell what the house is worth and there are no major surprises on the repair side, you will be fine.

Currently, the government is trying to make subject to's illegal, that's how good they are. If they are still legal by the time this book is published, I recommend purchasing a subject to course. You can't afford to be cheap right now, it does not take money to make money, and it takes focused specialized knowledge and

persistence. "But I need money to buy the course to learn the specialized knowledge." Not if you're persistent. If you let that stop you, then I'm going to save you a lot of headache and tell you right now, you don't have what it takes -- and I strongly recommend not getting into real estate investing.

So, a quick mini-review:

1. First "required" course: where to find motivated sellers.
2. Second "required" course: the Subject to.

IF YOU THINK IT CAN'T HAPPEN, THINK AGAIN

In real estate investing, there is obviously a lot of money to be made. Hundreds, thousands, millions, billions can all be made through investing in real estate. Once you learn how to turn \$5,000 into \$10,000, it is only a matter of time mixed with determination before you are presented with the opportunity to turn \$500,000 into \$1,000,000, and so on. The point I am trying to make is, it is easy to get greedy in real estate. Greed or being desperate can easily take over a person's logical decision-making process, causing an investor to cross the line of legality to grab profits. I have seen it occur many times. I have been in direct contact with people who have crossed the line so far that some sort of death seemed to overcome them. Personal friends of mine have had their lives threatened. I have bought houses from people who forged and recorded deeds. Associates of mine have let the greed take over their decision-making process and had homeowners deed their home to them, while the homeowner was led to believe all along that they were getting a loan. This has all happened in the last 3 years.

MR. ALVIS

When I first started working in real estate, I started searching for all the financial advisors in my town that would take the time to sit down with an individual who was young, motivated, and broke. One professional I spoke with was Danny Alvis. Danny had a radio show on investing and had seemed to be a good guy. We had a long, "What would you do if you were me?" conversation. Ultimately, he tried to coerce me out of \$4000 to set up a Roth IRA and a corporation. Obviously, I did not let him cajole me out of the \$4000. He did own a large amount of real estate and had the resources in place to pull together large amount of funds for real estate investment opportunities. I was not happy with him; however, I wanted to maintain good standing with Danny in case I needed to leverage his resources.

Danny had everything you need to be creditable. He had been in the service, married for many years, and had a family. Also, being the host of a respected radio show for years gave Danny all the creditability a crook needs. One particular deal of

Danny's involved a huge "Investors Offering" he was advertising for a \$50,000,000 project that he was putting together. He had done a very efficient job of pulling in the money he needed to get it off the ground, from investors big and small.

I knew he was putting this project together and was getting close to breaking ground. He had most of the necessary approvals from the city in place, as well as the money needed for the initial push of the project. Once this project was completed, Danny would be a very, very rich man. One of the lessons I live by is: every multi-millionaire you associate yourself with improves your chance of success. I set up an appointment with Danny; this was 2 years after our initial meeting. We spoke for a couple of hours, and things went well. By the end of the conversation he was trying to set his daughter and me up on a date. She was an attractive, wealthy massage therapist. I digress on this only to point out that I was, and still am, in a committed relationship. We decided that instead of dating his daughter, I would help him raise money for his project.

Within 45 days I had raised over \$90,000 for his project. These investors were not extremely wealthy individuals; they were families in their mid 40's who were planning on retiring in one of the condos to be built. I almost invested in the project myself, but since I had so many other investments that I was in control of on my plate at the time, I decided just to watch the project take shape.

Judging by the title of this section, you can tell there is a twist -- this is not a happy-ending story. Approximately 5 months ago, Danny was arrested for tax evasion. This caused a widespread panic among the investors in his project; however, he was able to calm most of them down. What could the investors do -- they had no control over this real estate investment. They had to hope things would turn out in their favor. Three months ago, a very savvy and successful local lawyer who wanted to bury Danny organized a class action suit. Danny did not keep his word on any of the contracts with his investors in the project, many of whom were now being questioned by the F.B.I. The biggest question as the project began to slowly crumble was: where's the money?

Danny was facing a very long prison sentence. I had seen some investor information on the project. There were many people who had invested over \$1,000,000. There is a good chance he stole from the wrong person. Early in April, Danny was flying his plane and a mechanical failure caused the plane to crash. Danny perished.

Was it karma, murder or suicide? Whatever was the cause of Danny's death, there is a lesson to be learned other than the one Karma provided. Real estate investing can be risky; however, one of the main benefits of investing in real estate is that you have control over your investment. Be careful in situations where you have no

control. If you want hands-off type real estate investment, good luck -- and get a lawyer's opinion of the paperwork. If you have a gut feeling something is not right, put your money in a mutual fund.

LIVE TO FIGHT ANOTHER DAY

Moving into the land side of real estate, I associated myself with a gentleman named Dave, a successful investor in his early 30's. He specialized in very large land acquisitions. My friend would often locate patently profitable properties through the Internet, GIS, or word of mouth. Before negotiating with the owners, he would often walk the property just to get an idea of what he might be able to do with the land. In early 2003, there was a large area of land about to rise substantially in value. This land was considered a hot commodity by everyone who had an inside track. One day, as my friend Dave was walking through the woods, he just happened to run into another group of land acquisitionists. In this area they were known as the Mafia. They had purchased a very, very large amount of land in the area in the late 1900's and as you know, whoever owns the land makes the rules.

My friend Dave tried to pretend he was a hunter looking for a spot to build a tree stand, but the group of guys knew better. They made it very clear to Dave that if he or anyone he knew tried to purchase the land he was walking; he would not be able to walk for a long time. After some juvenile shoving and intimidation, they let Dave go on his way. Realizing he would be better off to live to fight another day, Dave never put an offer on the land. A short time after this run-in, the "Mafia" purchased the land and, surprisingly, no other offers were made on the land. This group also invested over \$1,000,000 in Danny Alvis' project. People get killed for a lot less than \$1,000,000.

ATTORNEY GENERAL

Once you realize how the paperwork works in real estate and you sit down with motivated individuals, it becomes very easy to take advantage of people. However, this could lead to jail time. I have had people sign paperwork and say, "Ross, I really have no clue what I just signed" Because I am aboveboard and believe in karma, I re-explain everything and go through each line in the contract with them.

Some people in the business, however, purposely keep homeowners confused in order to steal their house. Just recently, an individual I know was rightfully reported to the attorney general. He disguised the purchase of a home as a loan. The homeowners had no idea they had sold their home. The perpetrator would have evicted the family and made a handsome profit if someone had not stepped in.

The person who intervened in this case was a friend of mine. He got a phone call

from a couple wanting to sell their home to avoid foreclosure. He sat down with the homeowners and listened to their problems. There were some medical issues that had come up, and the homeowners had fallen 30 days behind and were being evicted. My friend was confused, because a mortgage company cannot evict you -- they must foreclose on you. After reviewing their paperwork, he quickly realized the homeowners were actually not homeowners, since they had sold their home 8 months before. After pulling up the homeowner's deed, his suspicion was confirmed. When he explained to the homeowners that 8 months prior they had not received a loan, but had actually sold their home, they became hysterical. There was quite a bit of equity in the house and they did not want to be left with nothing. The wife started crying, and the husband just there, quite embarrassed he had made such a tragic mistake.

How did this happen? Months earlier, when the homeowners needed to borrow money to take care of medical expenses, they had an individual randomly knock on their door and offer them the funds they needed. They were so relieved that they signed whatever was put in front of them. Unbeknownst to them, they signed the deed to their home. The shady individual then brought the deed to a notary and, without the homeowners present, had the deed notarized, and thus knowingly recorded fraudulent paperwork.

This can happen to anyone. An investor and I purchased a house from a guy who forged his grandma's signature and recorded the deed. We took the \$50,000 we had put down and ran.

I'm telling you all this for a couple of reasons. One is, be careful all around. There is a lot of money in real estate, and we all know what people will do for money. Two: don't join the dark side of shyster investors. Every get-rich-quick investor I have run into eventually falls into some very hard financial or legal times. If you dream of retiring rich off real estate and sitting in a beach chair, be patient with the building of your real estate business. Stay away from the get rich quick deals and look for the stay rich deal.

ATTORNEYS CAN GET YOU ARRESTED: THE RENTER FROM H – E - DOUBLE HOCKEY STICK.

I got a phone call from a gentleman about to lose his house to foreclosure. He agreed to sell me his home for \$50,000. It needed about \$20,000 in work and was worth about \$150,000. The best thing about this house was that homes in the area were selling within about 10 days. Due to this great market, I decided to get a 6 month loan. This means I would have to have the money paid off in full in 6 months, or face foreclosure..

The tenant told us he would leave. We started to rehab the outside of the home and at first, all was well. But the tenant, although he kept telling us he would be out in a couple of days, would not leave. I consulted with my attorney to review my options, and was advised that because of the type of deed that was transferred, the tenant had no legal claim to the house and we could legally remove all objects. We made the tenant aware of this and gave him a week to be out. A week went by and he was still in the home. Prior to entering the property, I called my lawyer and asked, "Are you sure I can enter the home?" My attorney assured me it was my legal right. This turned out to be very, very bad advice. (Don't believe everything your attorney tells you.)

Acting on this advice, I kicked the door down and changed the locks. The neighbors had been complaining about some junk cars on the front lawn, and since my attorney had told me legally they were mine, I had them towed.

Fast forward to my first time in eviction court: I explained my case to the judge, thinking it was an open and shut case. Well, the judge did not like the fact that I went into the house. She told me I had better read a book on real estate (how ironic!) or my little house-flipping business could lead to a lawsuit.

After the trial I asked the tenant, "What is it going to take to get you to just move out" He said, "I want my tea set back." He claimed there was an antique sterling silver tea set in the old junk car he'd won on The Price is Right. I didn't know The Price is Right gave away antiques. He said I had better give him a tea set or \$14,000. I told him,

"Sorry, the car has been crushed, and it was your fault for keeping anything of value in a junk car."

Well, he didn't like that very much. About 2 weeks later I received a letter from his lawyer stating there was also an urn in the car, and since it was stolen, I would be charged for stealing a body and could face 5 years in jail. WHAT? I had to ask myself -- how did we get here?

Believe it or not, it gets better. I was 3 months into the 6 months of my loan and this was not going well. I decided to cut my losses and sell the home to a fellow investor for what I had in it. I let him know I was having difficulties getting a renter out, so I sold the home and made about \$2,500. A week after I sold the home I got a call from the fire marshal. The renter burned the house down! Thank God, I had already sold it, or I would have been in foreclosure.

CHAPTER 14

Rising Fast, I Meet My New Role Model

LET'S ADD SOME FUEL

About 18 months ago, I met a young land developer. He is 28 years old and has successfully bought and developed many parcels of land. This is the only individual I have run across that I want to be when I am his age. Until I met Adam, all the other investors I met, especially land developers, were in their 40's.

For the past 18 months I have been doing my best to stay in touch with Adam, hoping to get an opportunity to work with him. About 75% of the time he would not return my phone calls or e-mails. Why should he, I have nothing to offer him. However, I knew I could not let this connection slip. Staying in touch with him eventually earned me an even \$100,000 on one deal.

This is how it happened: about 45 days ago I spoke with Adam, and as always, I asked him if he had anything I could help him with. To my surprise, he replied:

"Ya know what, Ross, I do -- help me liquidate this land I own."

To make a long story short, I leveraged my Rolodex and found a buyer to purchase the land for \$1,500,000 within 2 weeks. Finding this buyer put me in Adam's good graces. Now, I have to observe how he does business and get in on the ground floor on a couple of his investments. I want to learn first-hand how he is making his money.

Let me be the first to tell you: no book can teach you how to invest in real estate -- you must be hands-on. This book is simply a guide on where to start, where to look and what to expect. After helping Adam sell his land, I have built value in our business relationship and given Adam a reason to keep in touch. These next few paragraphs are included in the book to help keep you persist in your efforts to reach your goal of success in real estate. As we all know, if you're not persistent, you're nothing. If you're older than Adam, who is 28, I hope you use this information to say:

"That guy is younger than me; if he can do it, I can do it."

If you're young, I just want you to understand the dream is possible. Everyone who knows Adam knows he is wealthy. However, the several times I met him he was driving a 2001 Jimmy. Unfortunately, in this society I can't help but look at someone's car and judge his or her wealth status. About 2 weeks ago, I went to

Adam's house to put together the contracts for our land deal. When I pulled up to the driveway, any doubts I might have had about his wealth evaporated. Adam lives in a 7500 square-foot house on the water, and is in the process of building a playboy pool in his 1.5-acre back yard. I asked him about his car and he replied, "I don't like buying depreciating assets."

Meeting young individuals far more successful than me helps fuel my motivation for great success. To help add more fuel, let me briefly summarize some of this 28 year old's recent investments. He purchased a piece of undervalued land for under \$600,000 and sold it 3 months later for \$1,800,000. He is currently building a 400 unit condo complex in another state, and owns hundreds of acres from Florida to Maryland.

The next question I can't help but ask myself is, where is he finding these investments? Every time I brought him what seemed like a great deal he would quickly kill my enthusiasm by telling me what he had paid for similar land. While we were looking over some of his projects, I decided to be bold and just ask: "Where do you find most of your land deals?" This is a question most people will not answer; however after a couple of rum and cokes, he told me it was from the timber companies. He is on a list and the timber company sends him upcoming properties for sale. He showed me the package he gets in the mail and told me to keep it quiet. He just sits back and waits for the mail, puts his values on the properties, and makes an offer. I remembered the phone number; guess who is now on the list.

CHAPTER 15

If I Can Do It, You Can Do It

"If one person can do something, anyone can learn to do it"
- NLP *The new technology of achievement*

PHRASES WORTH MENTIONING

There is one phrase that helps me so much in so many ways that I feel it is worth mentioning. It is "Let me ask my partner." No matter if you have a partner or not, if people think you do, it will help in all negotiations. How does this help? Your partner is always the bad guy. Whenever you don't agree, you can strongly take the opinion of the person you're negotiating with, and try your hardest to get your "partner" to agree. I have found this helps work out win-win solutions.

Sometimes people don't want to sign on the dotted line simply because you are making too much money. I often nip that concern in the bud early, explaining that I have to split proceeds with my partner/ partners.

Another advantage is that when something goes very wrong, you have someone to blame. I believe it's a strong character trait to take the blame when something you are a part of goes wrong; however, sooner or later there will be a situation where publicly taking the blame in a negotiation might amortize the deal -- and who better than your "partner?"

THE NEED FOR PRIVATE FUNDS

What's the difference between the investor who's running around 60 hours a week, driving a semi-decent paid off car and doesn't "feel" like he has any money but he's worth a lot on paper -- and the investor who has employees managing his properties, drives a very nice paid off car, and feels rich, so he/she is always attracting opportunity? Many times the answer to that question is simply access to private funds. My goal has always been to get as many good deals as possible. "If the deal is good, money will never be an issue." That is a quote I used for years. Never say never. Well, money is becoming an issue. Currently it has become much more difficult to obtain financing for properties all across the U.S. -- we are in what headlines call "the mortgage crisis." A ridiculously large amount of loans are in default and it is affecting investors in all areas. From real estate to the stock market, America has felt a sharp punch in the financial stomach.

If you want to be successful in real estate, private funds are an absolute must. From the first day you find your "why" and decide to become a real estate investor, you need to keep your ears and eyes open for a private lender. Private lenders can be anyone -- relatives, friends, business associates, anyone with at least \$10,000 can be a private investor. Having access to private money is essential if you want to take your investing to the next level. If you have just decided to become a real estate investor, it will be an uphill battle to get people to trust you with their money. However, you need to make it a vital part of your business to reach success. I strongly advocate buying a course on private lenders.

Oh man, another course!

Yes, another course, and this one-- just like the two prior course suggestions -- is a must. If you miss out on one deal because you can't get it funded, that could be a potential loss of tens of thousands of dollars. I'm speaking from experience. I'm not trying to sell you a course. I'm just giving you the advice I wish I had received.

Earlier in this book, I introduced the concept of buying properties subject to. One of the best benefits of purchasing properties subject to the mortgage is the minimal amount you need to invest up front. Make that minimal \$5,000-\$15,000 investment ten times in a month, and it starts to get very expensive. You are able to leverage \$100,000 into 10 properties with huge amounts of equity, but the bottom line is: if you spend \$100,000 you feel broke, and if you feel broke you are broke. Instead of spending the \$100,000 yourself, use private lenders. Now, you have a large amount of equity with all your money still in the bank. Let's take this example one advantageous step further; borrow an extra \$2,500-\$5,000 per property, and buy 10 properties. You just put \$50,000 in your pocket. You don't feel broke anymore. You have the funds available to expand your business, hire employees and increase your marketing budget. As you're using OPM, your properties are selling while you're buying, and you are putting \$100,000 a month in your pocket. It's very possible with private funds.

Something to look forward to on your search for private funds is the people you meet on the way. You will obviously be searching for people with money. These are successful people; successful people typically have good resources and know other successful people -- thus providing you with access to more resources, more ways to leverage other people's money, and resources to help in your goal of becoming a modern day royalty.

A HUGE ACCOMPLISHMENT

A few years ago I attended Real Seminar Secrets of Local Real Estate Investors. Today I have been asked to speak at the exact same type of venue. It seems like

just yesterday I was attending my first real estate seminar. At that first seminar I met my mentor. Over the last 3.5 years, to thank my mentor for passing the education to me that would provide a legacy for my children's children; I helped him acquire over 150 homes, apartment complexes, many tracts of land, trailer parks and a golf course. During all of those ventures I made priceless contacts and built an impressive portfolio for myself. At 25, I have been recognized by my community as a real estate "GURU." I have now received the accolades to write this book. I will make the seminar that I present available on YouTube.

AM I INSANE?

The file My Book Title has been saved on my desktop for over 7 years now. Every morning when I turn on my computer, I see My Book Title and I kind of laugh. Doesn't it seem a little insane that I started writing a book on how to become wealthy when I was dead broke? Who was I to start writing a book about making millions in real estate at a time when I had less than \$2000 in the bank? What was I thinking, spending hours of my time organizing a book on how to become wealthy when I was actually broke?

What I was thinking was: "I am going to be a modern day king." Ask yourself a question, do you think it was a coincidence I have been so successful, or did I just get lucky? I'd rather be lucky than good, however my success has had nothing to do with luck or a coincidence. Every day when I made that decision to keep pushing toward my goals, reviewing my reasons why, and pouring all my time into organizing a system, did it ever dawn on me that maybe I can't do this? The honest answer to that is yes. If you've read this far in the book, I hope you know what I would do to bring myself back to the reality that I would be a successful real estate investor, I would be a published author, and I would help countless people reach their definition of financial success.

This time 4 years ago I was a zero with an idea. In 4 years I have turned a broke kid into a financially free real estate guru.

Every time I review my book it reminds me how far I have come. And I know you can do the same. Your daily efforts will build on each other just like compounded interest, the most powerful force in the universe. In this business, when you first start you will feel like you are not making any progress. My advice to you, come up with a way to look back. When you're 4 years old, you're growing very fast, but because you look in the mirror every day, you don't notice it. However, if every 6 months you measure yourself and put a line on the wall a year from now, you will see how far you have come. You can look back in many different ways. The way I look back is through writing and reviewing this book.

Write your own book. Come up with a title along the lines of your financial goal. If your goal is to make 2 million dollars this year, call the book "How to Make 2 Million Dollars in a Year." This is a more powerful exercise than you might realize. It will bring into your mind the reality that you are already successful. Write the book as if you already know you are going to be successful, because you are. Everyone has certain difficulties in their life; in your book, define your difficulties and write about how to overcome them. Give the readers of your book advice on how to stay motivated, and include your personal stories of success. Most importantly, find people you can share your book with. Before you know it, you will be writing page 100 and have a very impressive real estate portfolio.

THE MINDSET

Every successful person is a firm believer in training one's own mind for success. When I recommended writing a "how to reach your goal" book, in the previous paragraph, I was sharing with you what my writing exercise did for me, and what it has done for other successful entrepreneurs: The power behind this exercise is to firmly plant success in your mind. Giving yourself a feeling of achievement brings your goals into reality.

The truth of the matter is, we all want success, but to dig even deeper than that -- we all want the feeling of success. The beautiful thing is, you can feel success today. Perhaps the only instant gratification you obtain in real estate is the success state of mind. Do it right now. Put down the book, think about your goals, and visualize where you want to be. Visualize everyone being proud of you, people who once rolled their eyes at your lofty dreams now asking for advice, boyfriends or girlfriends wishing they were still with you.

You are going to need a big tax write-off, so visualize yourself walking up to the BMW dealership ready to write a check for whatever car you want. Then, leaving the dealership you realize the BMW M5 you just bought was not a big enough tax write-off, so you swing by a charity and write them a check. Whatever feeling you are after, just feel it.

Chances are you just skimmed over the preceding paragraph and decided to visualize your dreams later. Whether you did that or not is actually a good indicator of when you will live your dream. Your goal may be to finish this book fast, but if your goal is to be successful, please, just take the 5 minutes and have fun visualizing your goals. Make sure to use each one of your senses.

To practice what I preach, I am going to do this with you. I picture myself being interviewed about my book, and here's what I see: Donald Trump has read my book and, being the smart businessman he is, saw a niche in the real estate market

of younger investors. Since he does not yet have the money to travel back in time, he decides to team up with me. We negotiate for a couple of weeks about profit share, and after coming to a win-win agreement, contracts are signed. He sets up interviews and I'm off. I just got off a plane 5 hours ago and my body is a little tired, but the 5 coffees I nervously consumed is keeping my mind awake. My first interview is on an investing radio show on satellite radio. While I'm waiting I see a couple of small time celebrities, give them a copy of my book, and in a few minutes I hear "Mr. Hamilton you're on in 5." I walk into the studio, it smells a little of cigarettes because the host just finished smoking a cigarette outside during a break. I sit on a hard stool and briefly get introduced to the host. I see a girl put her hand up and go "5 - 4 - 3 - 2 - 1, you're on." The host instantly talks about my book --the very part you are reading right now. People call in, and I handle all the questions perfectly. I put in a quick pitch for connectedinvestors.com and some of Donald Trump's businesses, and I'm done. Overnight, book sales soar, and I help countless people realize their dreams of success.

It takes about 3 minutes to visualize, and boy is it fun! To fully answer any questions on why any of this is important, I need some extra help from an expert. I want you to buy the book *Think and Grow Rich* by Napoleon Hill. Like so many other authors have done, I could write my own version of the book, but I would be doing you a horrible injustice. Napoleon Hill devoted over 25 years of his life to writing the philosophy of success. I just turned 25. If you have already read what I consider to be the Bible of success. *Think and Grow Rich*, read it again. You want to study Mr. Hill's book. I keep it on my desk and read it every day. If you read the first couple of pages of my book you will see a special thanks to Napoleon Hill for being so thorough in his studies. Because we all like instant gratification, I also suggest you go to YouTube and type in Napoleon Hill. One of the search results will show up in black-and-white video entitled "Napoleon Hill speaking about his meeting with Andrew Carnegie." Watch it. I watch it every day before I check my e-mail.

Why is Hill's book so good? It is complete. He has, for example, an entire chapter devoted to channeling your sex drive into a success drive.

I don't know where you are in your life or what gender you are; however, we all know a guy, or you might just be the kind of guy, whose sole goal is to attract the opposite sex. He delights in the chase for women that most people are scared to talk to. All he ever talks about is ways to "get" her, his mind never stops coming up with the most elaborate off the wall plans, he forms friendships and alliances with people for the sole reason of getting closer to the women he wants, he spends an insane amount of money on things to bring him closer to his goal, he asks everyone for advice, he visualizes what it would be like to be with her every day, he thrives in activities to get her attention, he has been turned down 100 times but it does not

faze him. If he had an opportunity, he would skip any important activity to capitalize. If the girl is into unhealthy activities such as drugs, this guy will literally risk his life to get closer to his goal. He might be the starting quarterback or the best chess player at his school, but he will change his entire life without a second thought to get this girl. And guess what? More often than not, despite the odds he gets the girl. Think how powerful that same motivation would be if he applied it toward success.

The first time I picked up *Think and Grow Rich*, I skimmed through the chapters and noticed one called "The Mystery of Sex Transmutation." I read the first couple of pages and knew the author had a thorough understanding of the philosophy of success. Read the book. Put down my book and read his book. There is a chapter on organized planning and — where he leaves off is the point where my book comes in. To be specific, many people read *Think and Grow Rich* and get all hyped up, but when it comes to the organized planning part, they don't quite know what route to take. After completing my book, you will know how to organize your plans for success.

As you read my book, you are riding in the passenger seat of a young millionaire's car on the way to success. I did not jump in the car, drive to success, and then years later try to reminisce on how I did what I did. You are on the most important journey of my life with me, and I sincerely appreciate the company.

CHAPTER 16

My Best Practical Tips

LISTS ARE POWER

It's not what you know, it's who you know.

"He is successful because his dad is..."

"The only reason she made it is because she knew..."

We have all heard envious individuals make excuses explaining why someone is successful and they are not, and it is typically because the other person knew someone. We have probably all made that excuse, I know I have. It's true, the only reason Donald Trump rose to royalty was because of his dad and his dad's connections. That was Step One, and in Step Two he leveraged his contacts and executed a plan to become a real estate king. Today we have his daughter, and although looks can certainly help you, without her father's connections she would probably be a mildly successful real estate agent.

Your list is your "Who you know." It's "someone" you go to, to get answers to your questions.

"Do you know anyone who can...?"

"What would you do if..."

"Do you know someone who has a bunch of money?"

"Do you know someone who needs to sell their property?"

"Do you know someone who has a good investment?"

"Who can I trust?"

"Do you know someone who can give me advice on...?"

"How do you...."

"How can I save money on...?"

"Do I need to spend money on...?"

"How can I get rich?"

Donald Trump's daughter can get any of these questions answered in one minute. Developing New York City does not seem hard if you have someone to go to for all the answers. If you're a person who can get all the answers, guess what -- you're a pro. You don't have to clog your brain with all the answers -- you just have to build a list of the right people who have the answers. You have to build your life list of advisors.

Why would someone waste their time giving you the answers? Probably not just because of your dazzling smile. It has to be a win-win relationship. You have to be able to fill in a blank for them. So, you're going to become an expert in one thing. This is really important. You need to be the go-to guy for..... and let everyone know you are -- not only everyone you know, but people you don't even know. People keep in touch with me because I specialize in working out amazing deals in residential real estate, and because I have access to hard money.

When you first start out, the only thing you have to sell is your hustle. Who do you want to be? Find the closest model of that ideal person and do not let go. Help them accomplish their goals. Eventually, you will catch on to what they are doing, and gradually people will recognize your knowledge.

Now that there's no doubt that we need to know people, let's deal with the obvious question: "How do I build my list, and who should I put on it?" Since you're reading this book, your goal is to be a successful real estate investor. You need to speak to as many real estate professionals as possible. More important than speaking with these professionals, you need to brand into their mind that you're an investor. This will take more than one conversation. You must stay in touch indefinitely.

Let's say you meet Rob, a real estate agent, and have a nice little conversation. You both agree you should do business together, and then you exchange cards and go your separate ways. You might send each other an e-mail or two, but inevitably, your relationship fades.

Six months down the line Rob has something for you, but it has been so long he's forgotten about you. You just lost a deal.

How can you keep in touch with everyone you meet indefinitely? Set up an e-mail marketing campaign and put every person you meet on the list. Set it up so that every 60 days people on the list will automatically get an e-mail from you reminding them what you do, and asking them how you can help them. If you are smart, every 90 days you will send a card. I have 4 different types of lists I put people on:

1. Realtors / Investors
2. Mortgage Brokers
3. Rent-to-own clients
4. Just saying hello

My Realtor / Investor list gets an e-mail once every 60 days saying hello, asking them how business is, telling them what I do, and asking if there is any way I can help them. I have sold several houses to people on my Investor / Realtor list.

My Mortgage Broker list gets a similar e-mail once every 60 days, but additionally, I offer them hard money, and explain that I can help clients pull together funds if they are facing foreclosure. Mortgage brokers have brought me more business than realtors.

The Rent-to-own list is a list of people who want to lease with the option to buy. They get an e-mail explaining the process and asking how much they can afford a month. When I have a house I need to fill, I have prepared ahead of time.

THE Just saying hello list consists of those people you just want to keep in touch with. The e-mails are very short, just asking how business is and telling them I have been very busy buying and selling real estate..... This list consists of doctors, lawyers, successful people, friends, people I randomly met.

Once you implement this, you will be able to stay in contact with everyone you meet, remind them what you do, and most importantly ask them if they need help with anything. It is important not to send out too many e-mails; one every 60 days will do the job and avoid annoying people.

Typically, after someone has referred, or tried to refer me business, I get their mailing address and date of birth, and make sure they receive a thank you card, Christmas card and birthday card every year.

If I ever need help with something and can't find the answer, I ask my list. Typically, more than a few people respond with advice.

You will now do business with Rob for the rest of your life. You became his go-to-guy for.....

SECRET SERVICE

Last week I had an investor I met at my local REIA take me out to lunch to pick my brain. This is quite a compliment, considering he was twice my age. The cool thing about real estate is, no matter who you talk to, everyone wants to do it because

everyone knows you can make a lot of money at it. While we were eating our appetizer, I asked him about his past employment. The gentleman I was sitting down with turned out to be a retired secret service agent! I asked him about his views on the White House, and he asked me for advice on some of his projects. Just a few minutes into the meeting, this secret service agent said.

"Ross, you're my hero."

Flattered, I graciously thanked him for his comment and told him he was the hero for serving the country for so many years. We continued to brainstorm on real estate investing strategies, and I asked him one of my favorite questions:

"How can I help you make more money?"

This question will put a smile on anyone's face and cut to the chase of what they want out of you. At the end of the meeting we agreed to do business together, and he decided to help me fund some of my projects.

CHAPTER 17

Unedited Text

REAL THOUGHTS

Currently I am on a plane flying to Vegas to speak at a real estate event. That's right! I went from a punk kid wanting to flip a house or two to a self proclaimed punk real estate "Guru." You saw the transformation, first hand. I am now 26 years old, about to be married to an amazing women, who has been with me since I had 36 dollars in my account. Even after the real estate crash (Witch did not hurt me) I still have a real estate net worth of well over one million dollars.

The thoughts I held onto every day in my mind have come out of the abstract and into a reality that I can now live. I have no boss, do not wake up to an alarm clock and take all the vacations I want to.

Over the past several months I have spend two weeks in Central America, partied at the playboy mansion, and went snowboarding, taken several weekend trips. As I write these words I am on my way to Vegas. Once I get back I am heading back to Central America to buy some real estate and hang out with friends. My fiancé and I already have month long trips set for Bali and Dubai. Life does not suck, and I owe it all to real estate investing. The first words of this book were written when I was just 18 years old. At 18 I identified my definite purpose, my reason why. This reason kept my dreams clear in my mind and motivation pumping through my veins.

A LOOK BACK AT THE REAL ESTATE CRASH

The country was is shambles. Foreclosures on the rise, the big guys liquidating, banks giving away houses, government bail-outs, bankruptcies, people burning down their own homes, new laws, the stock market falling, people losing their retirement, no one can get loans, etc...

How did I manage to make more money while the sky was falling then when the market was stable?

I did not over leverage myself when things were good.

I did not buy depreciating assets such as a boat, (All my friends have boats) To this day I still have a paid off car)

I did not pull all the money out of my equity lines,

I did not pretend to have money.

I did not think I knew it all and gave up on further education

Most importantly, I kept my overhead low.

Once things fell everyone decided to "trim the fat." What does it mean when someone says I need to trim the fat? It means cutting unnecessary monthly expenses. I never had any "fat!" Everyone has their "Vices," and I am no exception. I have always enjoyed going on vacations, however I never brought on any luxury overhead expense.

The first words of this book were written while I was living as a broke college kid. I am finishing this book from a beautiful Nicaraguan villa, looking over some of the most beautiful landscape the world has to offer. The only thing I am worried about getting to much sun. Everyone else in the US is worried about paying their mortgage payment. A payment that they knew they could not afford, however everyone else was doing it. As a matter of fact, the people who were worried about "keeping up with the Jones" are probably watching CNN on their state of the art TV in high hoping the new administration will bail them out. Money was given to unqualified individuals. On 11-29-04 I wrote this about my first deal:

"Looking back on closing this deal I am really surprised I was actually able to get a loan. I have no real job, no experience and no real clue what I am doing and the bank just gave me 100% of the money I needed. From my stand point, what do I have to lose? I have none of my own money in this deal! What other business can someone just decide they want to get into, no matter how completely oblivious they may be and receive, in my case, \$109,000.00 to give it a try."

What are some of the main reasons I have been consistently growing, doubling my income every year? I was very lucky. (I would rather be lucky than smart) The market I decide to invest in did not get hit half as hard as the rest of the country. However, many many people around me still slowly sunk.

Right now is a great time to get into real estate. This is the best time to get into real estate in the last several decades. Just do it. The technology is better than ever, information is everywhere, and no problem should stop you. If it does not happen for you, it is because you do not have a strong enough reason why.

It's time to take action.