Welcome!

Greater LA REIA

Our mission is to provide you with the tools and resources to learn, connect, and build partnerships with like-minded individuals. We strive to create a secure and supportive environment for you to excel.

Greater Los Angeles
Real Estate Investors Association

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Greater LA REIA is a subsidiary of Sam's Real Estate Investors Club

Learn - Network - Prosper

- Learn from the doers not talkers
- Partner up with other VIPs
- Build your team
- Develop your skills
- Take action
- Live your dreams

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For the past 21 years, SAM’S Real Estate Investors Club has been in the business of helping people get the knowledge and confidence they need to succeed!

And now GREATER LA REIA is committed to continue its excellent services to our community.

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About Sam Sadat

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OUR CONTACT INFORMATION

We’re here to help you with all your real estate needs

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Daily Affirmations

- I am the co-creator of my life
- I am doing the best I can, one step at a time
- I am happy, healthy, and abundant
- I am grateful for my life as it is right now
- I am so very proud of myself
- I forgive myself and others
- I am ready and prepared to fulfill my calling
- I am worthy of receiving good things and of achieving my goals in life

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How S.E.T Can Help You Win!

- This is my formula based on four decades of learning and experience. It’s a combination of science and belief.
- S is for Space. E is for Energy. T is for Time.
- To succeed in life and in business, you must understand how this trinity works and how to use it.
- Space gives you creativity. It allows you to dream, crystalize your vision, and find your calling in life. Spend time where you have open space in front of you.
- Energy provides you with fuel to take action, stay productive and constantly stay in motion. Eat healthy food, exercise, and hydrate.
- Time brings your actions to finality. Managing your time will let you complete your tasks and accumulate wealth. Learn when to say stop

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What is a Subject-To Strategy:

- “Subject to" strategy, often referred to as "subject to existing financing," is an investment technique where an investor acquires a property subject to the existing mortgage or financing that the seller has in place.
- This means that the investor takes over the property while the mortgage stays in the seller's name, but the investor agrees to make the payments on the mortgage.
- As of April 2024, more than 77% of existing mortgages in CA were below 4.2%! Therein lies your opportunity to employ this powerful strategy and build a solid portfolio.

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How Subject-To Works:

- Transfer of Ownership: The seller transfers ownership of the property to the investor through a purchase agreement. The existing mortgage remains in the seller's name, but the investor takes over the payment responsibilities.
- Mortgage Payments: The investor makes the mortgage payments directly to the lender, often without the lender being notified of the change in ownership.
- The investor benefits from the property's appreciation, rental income, low interest rate, and other potential profits while making payments on the seller's mortgage.
- Due-on-Sale Clause: Most mortgages have a due-on-sale clause, which allows the lender to demand full repayment of the loan if the property is sold. However, in practice, many lenders do not enforce this clause as long as the payments continue to be made on time.
- How would the lender know property was sold?

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Benefits for Investors

1. Low or No Down Payment: Investors can acquire properties without needing to qualify for a new mortgage or make a large down payment, making it easier to enter real estate deals.
2. Leverage: By taking over existing financing, investors can control more properties with less capital, leveraging the seller’s mortgage to their advantage.
3. Cash Flow: If the investor rents out the property, they can generate positive cash flow if the rental income exceeds the mortgage payments.
4. Quick Transactions: "Subject to" deals can close faster since the investor is not going through the traditional mortgage approval process.
5. Creative Financing: It’s a flexible financing option for investors who may not qualify for traditional loans or want to avoid tying up their credit.

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Risks to Consider

Due-on-Sale Clause Risk: Although rarely enforced, there is a risk that the lender could call the loan due if they discover the transfer of ownership.

Responsibility for Payments: If the investor fails to make mortgage payments, the seller's credit could be damaged, leading to potential legal issues.

Note: You must treat this as any other transaction, meaning through escrow and obtain proper title insurance.

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3 Types of Subject-To Options

A Straight Subject-To, Cash-To Loan

A Straight Subject-To With Seller Carryback

Wrap-Around Subject-To

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A Straight Subject-To, Cash-To Loan

The most common type of subject-to occurs when a buyer pays the difference between the purchase price and the seller's existing loan balance.

Example: If the seller's existing loan balance is $550,000 at 3.5%, and the sales price is $700,000, the buyer comes in with $150,000 down payment and take over the existing loan payments

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A Straight Subject-To With Seller Carryback

Seller carrybacks, also known as "seller financing" or "owner financing," are commonly found in the form of a second mortgage.

Example: Sales price is $700,000, with an existing loan balance of $550,000 with 3.5% interest rate (Seller has $150,000 in equity.)
The buyer is making a down payment of $50,000. The seller would carry the remaining balance of $100,000 at 6% interest rate. The buyer would agree to make one payment to the seller's lender at 3.5% and a separate payment at 6% interest rate to the seller.

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Wrap-Around Subject-To

A "wraparound subject to" (also known simply as a "wraparound mortgage" or "wrap") is a technique used where the buyer acquires a property subject to the existing mortgage, while simultaneously creating a new, larger mortgage that "wraps around" the existing one.

This strategy combines the "subject to" method with seller financing, allowing the buyer to take over the existing mortgage payments while making additional payments to the seller for the difference between the old and new loan amounts.

Using our example, the existing mortgage of $550,000 has a 3.5% mortgage. If the sales price is $700,000. Buyer puts down $70,000 and seller's carryback would be $630,000 ($550,000 +$80,000.)

By charging the buyer 5% interest, the seller makes 1.5% on the existing mortgage of $550,000 and 5% on the balance of $80,000.

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Disclosures and Disclaimers

When using the "subject to" strategy in real estate, it’s crucial to make clear and thorough disclosures to all parties involved to ensure transparency and legal compliance. Proper disclosures help avoid potential legal issues and build trust between the investor and the seller.

These disclosures are available to our VIPs. They are essential to protect both the investor and the seller, ensuring that each party fully understands the transaction's risks and responsibilities. Transparent communication and legal documentation are key to successful "subject to" real estate deals.

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Owner Financing/Seller Carryback

You can buy a property with the owner acting as the bank.

If property is free and clear (almost 40% of properties in CA are mortgage free), you can ask the owner to carry the entire balance for you (100% LTV) at an affordable rate with interest-only payments. Or they can carry a substantial portion of the purchase price (80-90% LTV depending on what's owed on the property.

Example: We are under contract to purchase a 16-unit apartment building in Northridge for $3.125M. Property is free and clear, so we negotiated an 80% LTV (loan of $2.5M) at 6.125% for six years. This way, we save points and avoid a strict lender qualification process and much more……

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Where to Get Leads

There are multiple platforms you can get pre-foreclosures, distressed, high equity, and mortgage- free leads:

1. Title companies can give you a list of mortgage-free leads among many other categories. Our VIPs get access to Chicago Title for this purpose.
2. PropStream can give you a list of NODs, high equity, cash buyers, and more. Use the link on the Sam's RE Club website for a free trial period. ***
3. LandVoice can give you a list of distressed homeowners among so many other categories. Scan the QR code on the next slide. ***

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BE A SUCCESSFUL WHOLESALER

- ✓ EXPIRED PRO
- ✓ FOR SALE BY OWNER
- ✓ PRE-FORECLOSURE
- ✓ NEIGHBORHOOD SEARCH
- ✓ LEAD MANAGEMENT

Sam Sadat

SPECIAL OFFER

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LANDVOICE®

Wholesaling

With no money out of your pocket, you can become a successful wholesaler. This strategy requires a motivated investor with limited/no funds to secure a contract for a property (1-4 units for beginners) and then transfers (assigns) that contract to a "fix and flip" investor, who seeks to maximize their profits.

Example: We tied up an SFR in LA for $700K and assigned it for $750K. Keep in mind you must leave some meat on the bone for the flipper. They are taking a bigger risk than you are.
The investor put in around $150K in repairs and sold it for $1.1M. He made more money than we did, but he had to work hard for it. We got paid well for just putting a few hours of time. You too can! We have VIPs doing it successfully now.

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Partnerships

With no money out of your pocket, you can do quite well by joining a partner who has the money and the know-how. You show me a property at 70-80% of ARV and a decent location, and I can connect you with a money partner who could form a partnership with you. Must be a VIP!

This strategy is a variation of Wholesaling except that you would delay gratification by collecting a percentage of profits after the property is sold. You will also be learning how to rehab a property from an experienced flipper by being on the job site.

Example: We connected one of our VIPs who had a house under contract with another VIP who had three deals under his belt and money to invest. They worked out an amicable 70/30 split in favor of the money partner. Both did quite well.

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Two Concurrent Loans

Find an SFR at 60-65% of the ARV, needing $100K in repairs. Secure a first loan for the purchase price. Get a private money second for the rehab costs. Fix and flip the property for a solid return

Example: One of our VIPs brought me a house in LA she had under contract for $630K. The ARV was around $970. I gave her a loan for $630K at 9.5% knowing she was good for it. She secured a second loan for around $100K at 11.5% from a small private lender she had found online. $730K/$970K=75% CLTV (Combined Loan to Value.)
She paid for closing costs and holding costs out of pocket $95k. She sold it in 4 1/2 months for $995K and walked away with a nice profit of around $100K.

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Syndications

Real estate syndication is a partnership between multiple investors who pool their resources—capital, skills, and expertise—to acquire and manage a real estate property or portfolio of properties.

Typically, a syndication involves a sponsor or syndicator or managing partner who identifies the investment opportunity, manages the property, and oversees operations, while the other investors (often referred to as limited partners or equity partners) contribute capital and share in the profits and risks according to their investment.

This structure allows individual investors to participate in larger, more profitable real estate deals than they could on their own.

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Why Investors Fail

- Lack of knowledge – Join our VIP Program. Learn wholesaling & more
- Lack of capital – We'll provide you with proof of fund letters
- Lack of purpose – We'll help you find your purpose and take action
- Lack of mentorship – We'll guide you till you make it
- Overestimating ARV – You'll learn how to properly analyze properties
- Overpaying for rehab costs – We have a mastermind team of experts
- Paying too much upfront. Remember your profit is made going in, not coming out! – We'll give you proper advice to avoid pitfalls.

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VIP Investment Training

OUR PACKAGES	LEVEL ONE ONE-TIME FEE OF $590 +9.95/MONTH	LEVEL TWO ONE-TIME FEE OF $1,890 +9.95/MONTH	LEVEL THREE ONE-TIME FEE OF $3,490 +19.95/MONTH
24/7 MLS Access	●	●	●
Deal Analyzer	●	●	●
Free Monthly Meetings	●	●	●
Free Admission To Continuing Education (CE) Workshops	●	●	●
Monthly Meeting Recordings	●	●	●
Various Training Resources	●	●	●
Discounted Fees For Premiere Workshops And Seminars	●	●	●
Free Online Club Meetings	●	●	●
1-Hour Consultation With Sam To Jump Start Your Success		●	●
3-Hour In-Person Or Online Deal Analysis Training With Sam		●	●
Proof Of Funds (POF) Letter When You Make An Offer		●	●
Free Title Account		●	●
Free Admission To All Premiere Workshops (Over $1,000 Value)			●
1-On-1 Deal Consultations With Sam			●
1-Minute Announcement At Meetings To Share Deals			●
Field Trips, Mastermind Meetings, And VIP All Action Workshops			●
Private Lending Course ($2,000 Value)			●
Access To Our 20-2 Program (20 Rent Checks In 2 Years Course)			●
	SIGN UP	SIGN UP	SIGN UP

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Special Deal to Become a VIP

We believe in Power. We don’t believe in Force!

We believe in education, not persuasion

We believe in encouragement, not promotion

We don’t believe in hard sale…. Do it now or else!

So, you have until 5 pm Friday (tomorrow, 8/16) to join VIP Level 2 or Level 3 with a partner (spouse, business partner) for the price of one!

You will get one account to share and both get all the benefits.

Don’t miss this great chance to learn, act, and prosper!

. After you join, email us your partner’s full name, email, cell

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Thank you for attending tonight's meeting.
We welcome your comments.

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Next Meeting: Thursday, September 19, 2024

Buyers & Sellers Beware!

Historic changes are coming….Are you ready?

By T. Taylor, Broker, Landlord, Investor, Private Lender

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