Buying Property "Subject-to"

How to Buy Super Real Estate Deals… Without Banks, Without Credit, And With Little or No Money Down!!

Presented by Attorney & Best-Selling Author William Bronchick

ITEMIZED BILL

Tapping with hammer……$ 10.00

Knowing where to tap……$990.00

Total……$1,000.00

“To know and not to do is not to know”

- Zen Proverb

“All hard work brings a profit, but mere talk leads only to poverty.”

- Proverbs 14:23

A ACTiON
C CHANGES
T THiNGS

REAL ESTATE IS ABOUT

LOCATION!

LOCATION!

LOCATION!

REAL ESTATE IS ABOUT

~~LOCATION!~~

~~LOCATION!~~

~~LOCATION!~~

REAL ESTATE IS ABOUT

FINANCING!

FINANCING!

FINANCING!

Limits of Bank Financing

- You will run out of cash
- You will run out of credit
- You will run out of available loans
- Interest rates are too high

Do the Math...

- **Buy House for $500k**
- **20% Down Payment ($100k)**
- **$400k Loan at 7.5% Interest - $2,800/month**
- **Taxes, Ins, Repairs, Vacancy - $700/month**
- **Total Monthly Expenses - $3,500**
- **Rent - $3,000**
- **You “Only” Lose $500/month!!!**

Leverage Existing Loans With Creative Financing

62% of Existing Mortgages are Under 4%

25% of Existing Mortgages are Under 3%

400k at 3% Interest = $1,700/month,

Turning $500 Negative Cash Flow

into $600 Positive Cash Flow!

Advantages of Creative Financing

1. No credit required
2. Faster Closing
3. No loan costs
4. No personal liability
5. The sky is the limit

About Me

- Practicing Attorney for 34 years
- Investing for 32 years
- Closed > 1,700 creative deals
- Spent > $70k on education
- Wrote Six Best-Selling Books

Best-Selling Real Estate Books

As Seen In

CNBC TIME FOX31 Forbes CNNMoney WALL STREET JOURNAL

Los Angeles Times
Into the abyss of Baghdad
RISE IN BRIBERY TESTS INTEGRITY OF U.S. BORDER
LAPD's flextime dilemma
A legend of base jumping takes leap of faith — his last
In Mexico, young and thin are often job requirements

THE WALL STREET JOURNAL.

USA TODAY

MarketWatch
From DOWJONES

CNNmoney
From the editors of CNN and MONEY magazine

HOW THE HOUSING BOOM WILL END
Money
YOUR 6 BIGGEST MONEY WORRIES AND HOW TO SOLVE THEM
GIVE YOUR KIDS A FINANCIAL HEAD START
FIVE MEDICAL TESTS YOU NEED

The Washington Post

Will the Real Estate Bust Cause a Recession?
TIME
The Running Mates

INVESTOR'S BUSINESS DAILY

Online | Flight info, road conditions and videos denverpost.com
THE DENVER POST
THE BLIZZARD OF '06
MESS
Cleanup Denver struggles to clear roads after blizzard
The scoop: Denver trails big cities in bulldozers but not in snowfall

Creative Financing Strategies

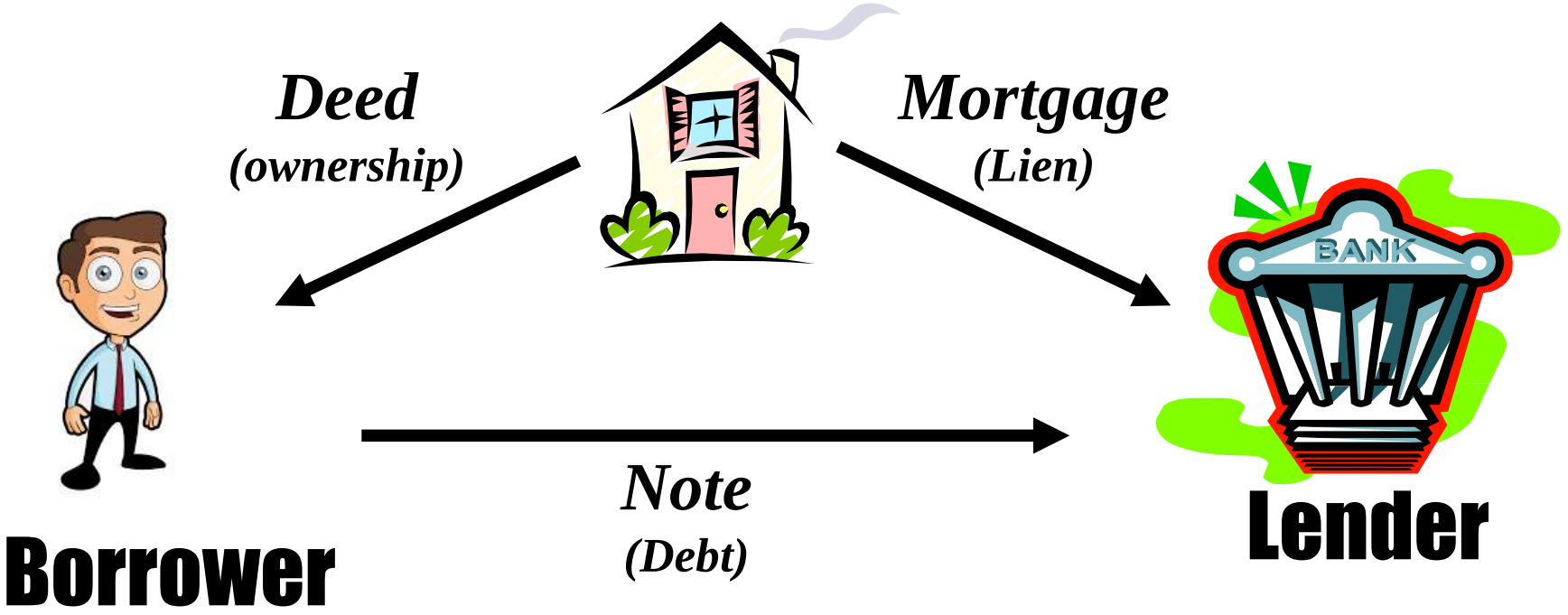
1. Buying with “OPM”
2. The “Wrap”

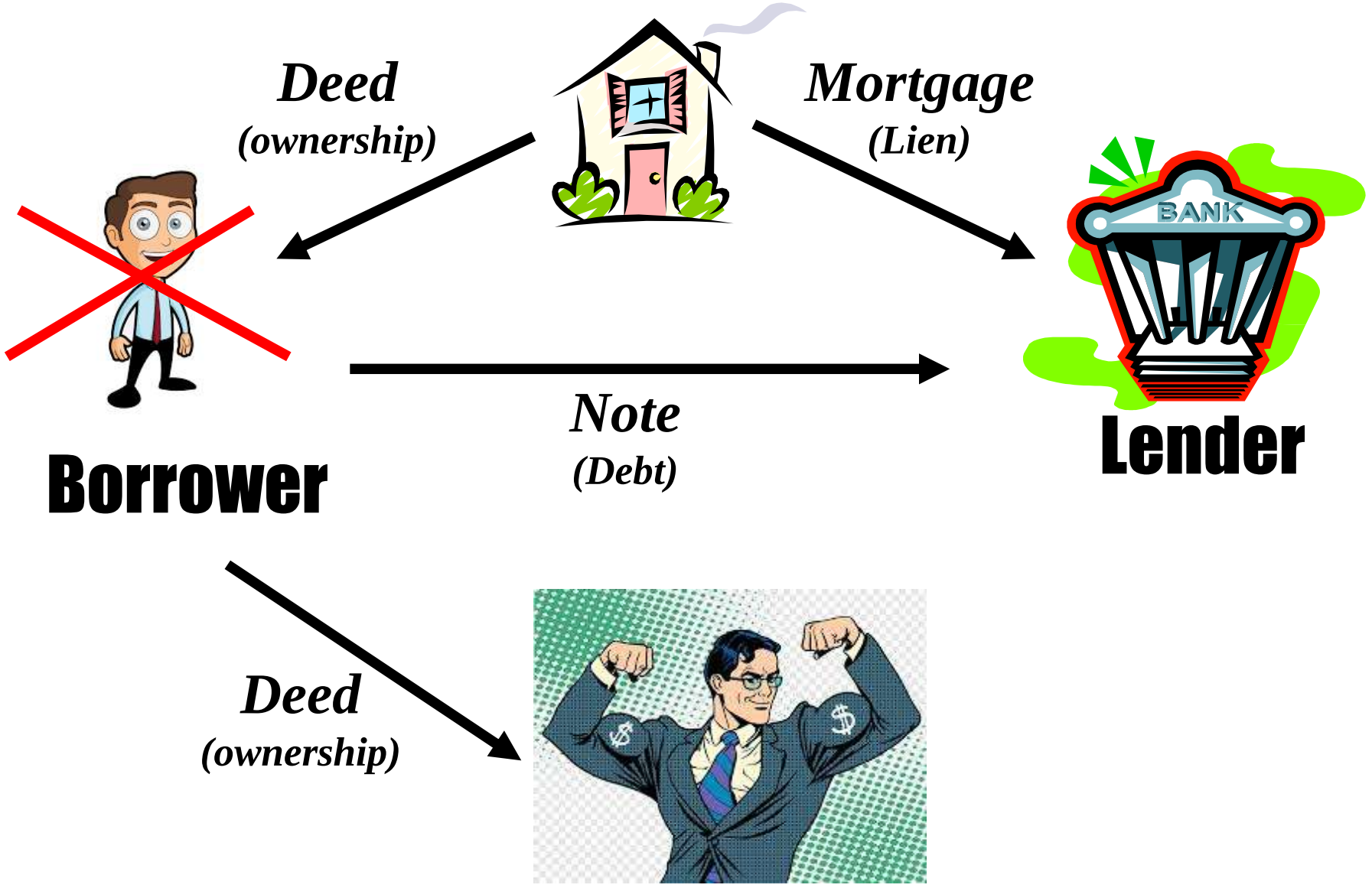
O.P.M.

Other People's Mortgages

OPM - Buying "Subject To"

1. **Seller transfers ownership**
2. **You do NOT pay off mortgage**
3. **You do not assume the loan**
4. **You continue making payments**
5. **The Property is YOURS - you own it!**
6. **The lender still has a LIEN**


Deed
(ownership)
Mortgage
(Lien)
BANK
Note
(Debt)
Borrower
Lender


Deed
(ownership)
Mortgage
(Lien)
BANK
Borrower
Note
(Debt)
Lender
Deed
(ownership)

Due on Sale?

- ✓ Clause in a deed of trust or mortgage that allows the lender to “call due” (accelerate) the remaining balance of the loan.
- ✓ It is not AUTOMATIC; lender must take affirmative action.

Due on Sale

"…the lender *may*, *at its option*, call all sums due and payable"

There is No “Due on Sale Jail!

Example Deal

S Biscay St
Aurora, CO

- Fair Market Value $535k
- Purchase Price $450k
- Seller Owes $300k at 3.1%
- $75k Cash to Seller
- $75k Note with no interest
- Total PITI = $2,200
- Rent $2,600

Example Deal

Seashore Drive
Newport Beach, CA

- **Purchase Price $6M**
- **Seller Owes $3M at 3%**
- **Buyer pays Seller $1M, subject to existing loan**
- **Seller carries $2M at 3% int, interest-only payments (2nd lien)**

Now What?

1. Live in it
2. Fix and flip it, pay off the loan
3. Wholesale it to someone else
4. Keep as a rental (probably not in CA)
5. Resell on a “wrap” (aka “Wraparound”)

Introduction to Wraps

The Dirty Little Secret

- ✓ Banks offer 4% or less in savings accounts
- ✓ They lend back to customers at 7% for mortgages or higher for car loans or business loans
- ✓ They catch the “spread” on the money borrowed vs. lent

“Wrap”

An owner financing transaction wherein a loan is created to wrap around an existing mortgage on the property

The Spread on Real Estate

Payment

Lender

Buy Low

Existing Loan
3%

Seller

Payment

Sell High

Buyer

Sell on Wrap
6-7%

Price & Terms: Seller's Goals

- ✓ Mark up price 5-10% above market value
- ✓ Mark up interest rate 3-4% above existing loan
- ✓ Down payment – as much as you can!
- ✓ Term – 30 years, give or take

Sample Numbers

S Biscay St

Aurora, CO

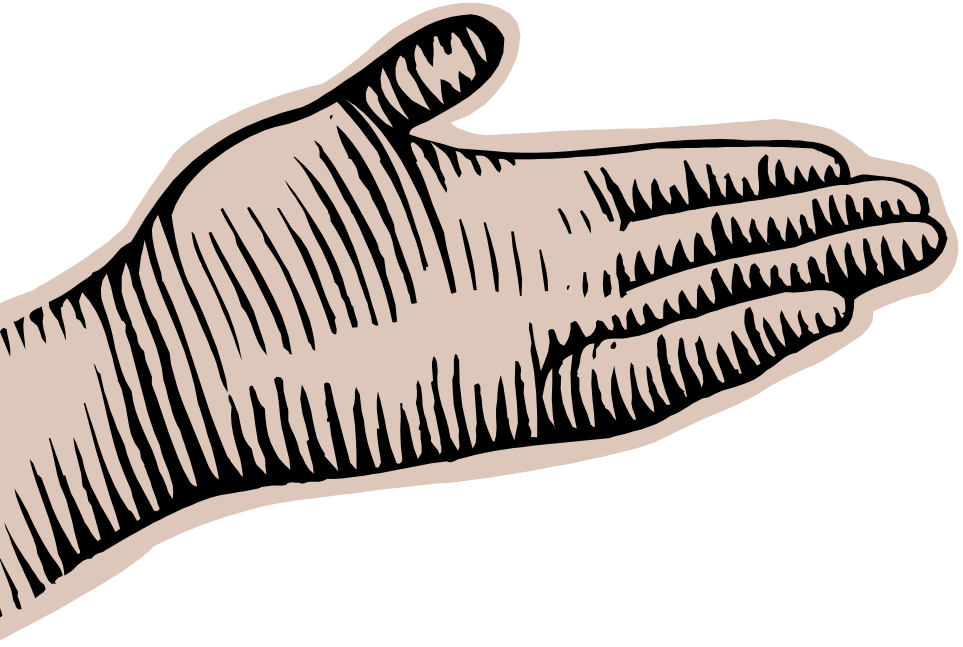
(Under Contract)

- **Fair Market Value $535k**
- **Buy for $450k sub2 $300k @ 3% int**
- **$75k Cash to Seller**
- **$75k Note with 0% int - $200/month**
- **Total P&I = $1,600**
- **Sell for $550k, $50k down**
- **Carry $500k at 6.5% int, $3,100**
- **Net cash flow per month = $1,500**
- **$18k cash flow per year!!!**

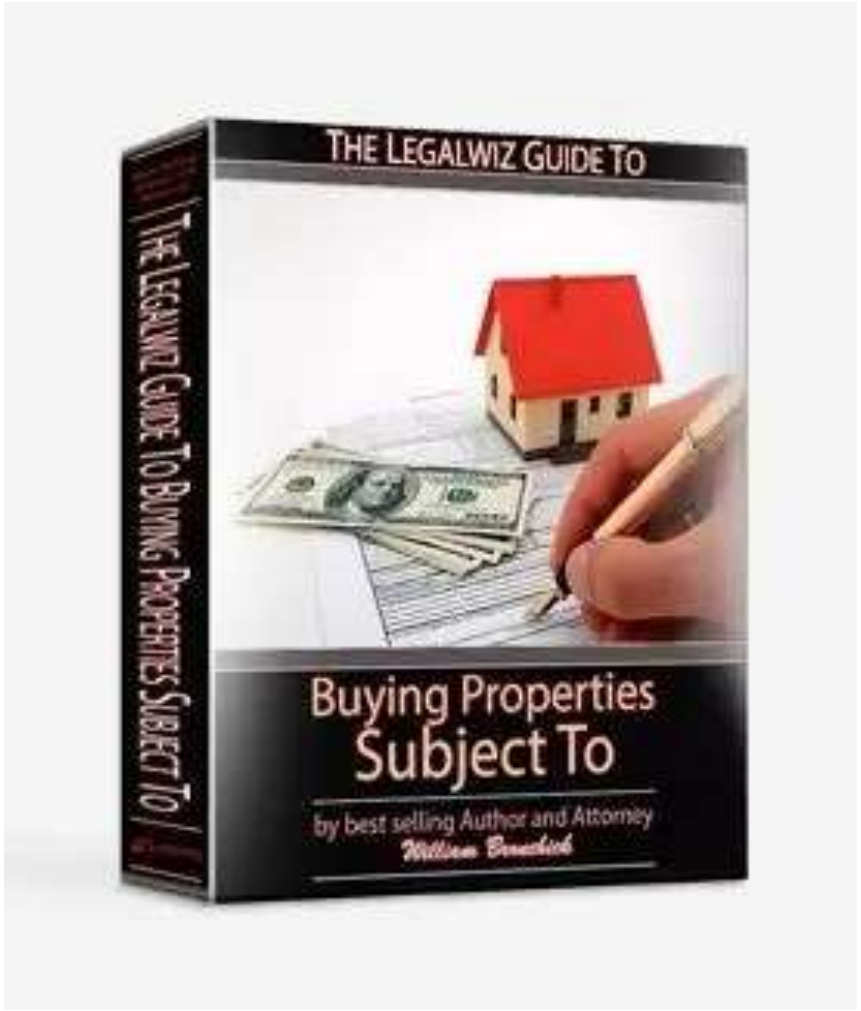
Sample Numbers – CA House

- Fair Market Value $1M
- Buy for $900k sub2 $850k @ 3% int
- Give $50k Cash to Seller
- Total P&I = $3,500/month
- Sell for $1.1M, $100k down
- Carry $1M at 6.5% int, $6,300/month
- Net cash flow per month = $2,800
- $33,600 cash flow per year!!!

Ideas, Intentions



Results, Success

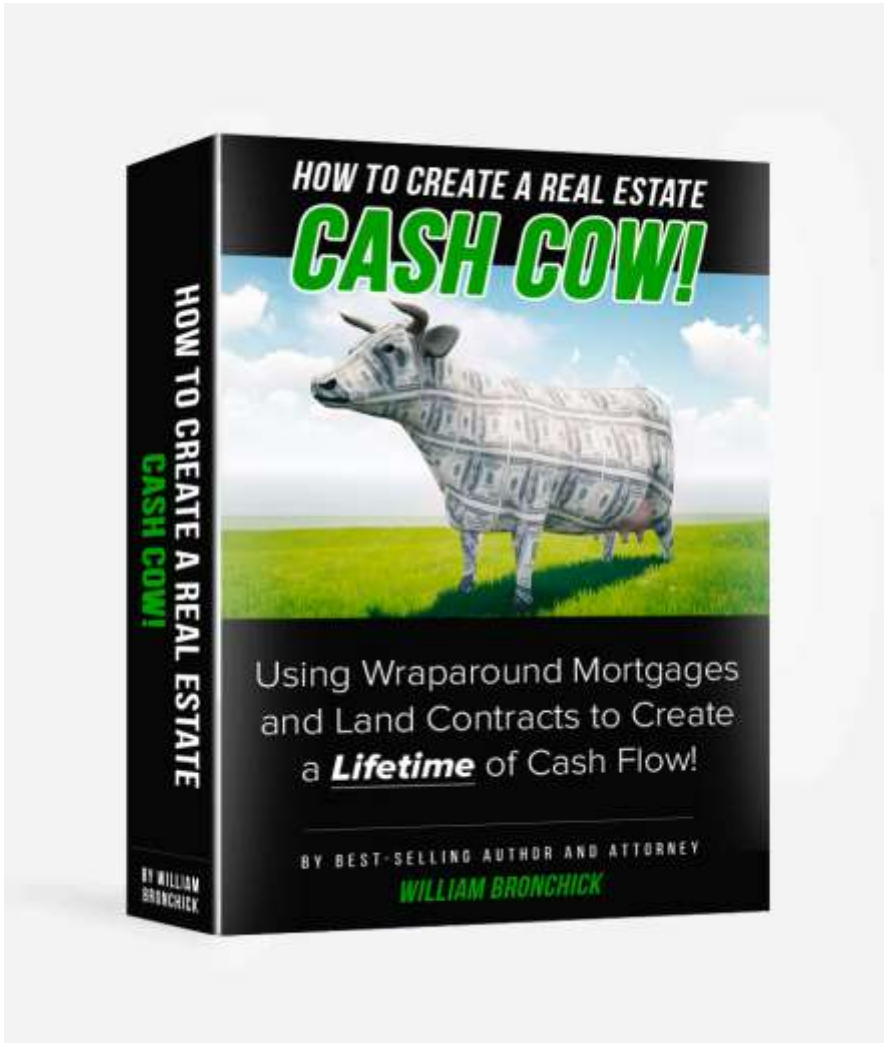


Buying Properties Subject-To Course

- How to find and evaluate “Sub2” deals
- How to negotiate Sub2 deals with sellers
- How to deal with real estate brokers
- Doing deals as a real estate broker
- How to write Sub2 offers
- Documenting deals and disclosures
- Legal forms, contracts, and checklists

Your Investment: Only $597.00!!

www.Legalwiz.com/SamOffer



www.Legalwiz.com/SamOffer

Cash Cow "Wraps" Course

- How to find buyers for your deals
- How to negotiate terms with your buyer
- How to deal with real estate brokers
- Doing deals as a real estate broker
- How to write up "Wrap" contracts
- Documenting deals and disclosures
- Legal forms, contracts, and checklists

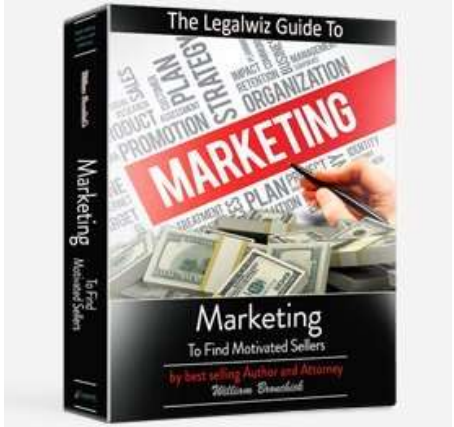
Your Investment: Only $597.00!!

But WAIT!!
There's
More!

Special Bonuses – Tonight Only!

BONUS #1: "POWER PARTNERING"

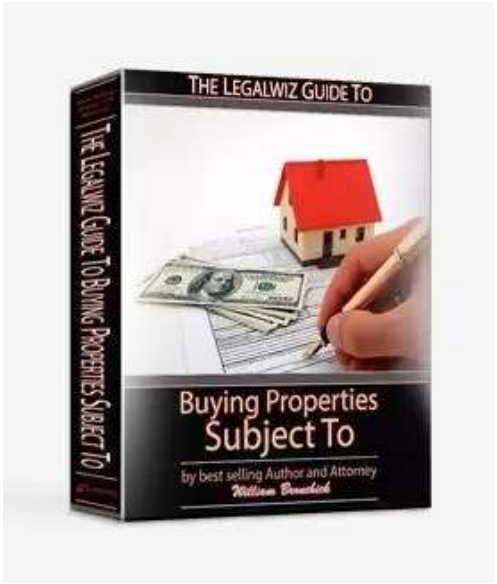
Learn how to create join ventures, partnerships, and syndications to use "OPM" to raise capital and partners for real estate projects. Includes sample contracts, JV and partnership agreements

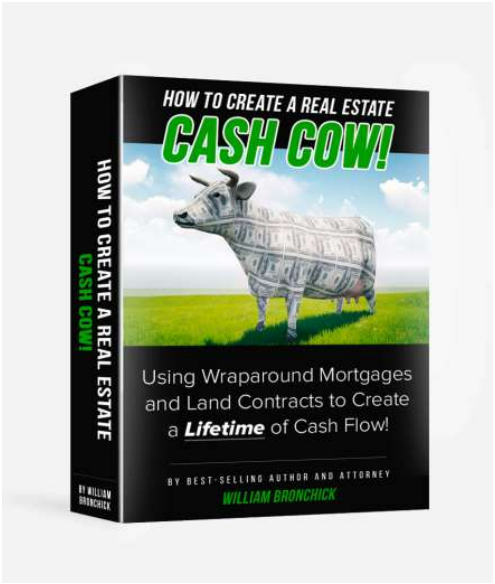


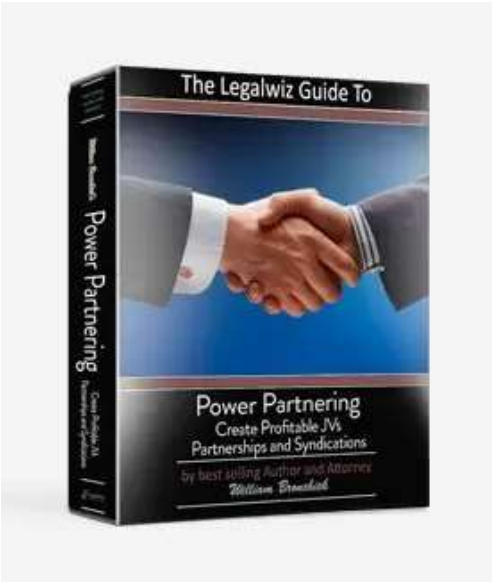
BONUS #2: "MARKETING TO FIND MOTIVATED SELLERS"

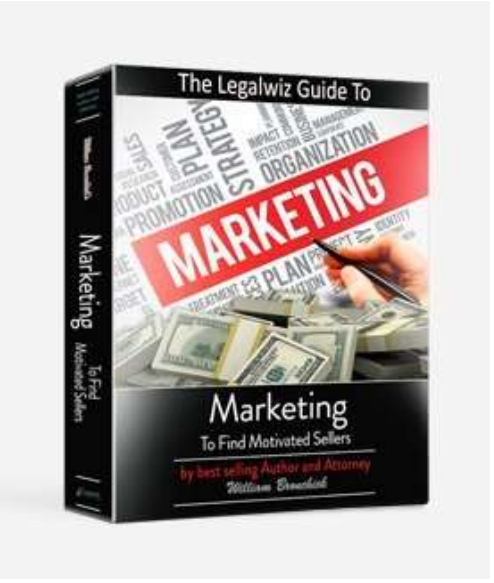
Learn how to market for and flush out motivated sellers of real estate to make profitable deals. How to create an unlimited "funnel" of motivated sellers willing to sell on terms and/or discounted prices.

$994.00 Value – FREE With Your Purchase Tonigh









Total Package Value: $464 Million!

Special "Sam's Club" Pricing:

just $497.00!!

www.Legalwiz.com/SamOffer

www.Legalwiz.com/SamOffer