Lee Phillips, Counselor United States Supreme Court

Don’t Miss the June 4th General Meeting p. 6

May Deals of the Month! p. 16

CFRI Business Member Directory p. 18

central florida realty
INVESTORS

networking. education. integrity.

Lee Phillips, Counselor United States Supreme Court is Coming to CFRI’s June 4th General Meeting! See page 6 for details.

June 2014

‘2013 Winner, NaREIA Overall Award of Excellence’

www.CFRI.net
LLC Operating Agreement Is A Key Part of The Company

By LEE PHILLIPS, NATIONAL SPEAKER AND COUNSELOR UNITED STATES SUPREME COURT

Features June 2014

8 Lead Paint - Federal Rules Are Serious
12 Do You Want to Chase Deals All Day?

by JON BOLTON by TODD HUTCHESON
Our Mission Statement
Central Florida Realty Investors, a not for profit business association, is dedicated to promoting ethical real estate investing and to protect and promote the best interest of our membership through educational and networking opportunities as well as community, legislative and public relations.

Legal Disclaimer
CFRI does not exist to render and does not give legal, tax, economic or investment advice and disclaims all liability for the actions or inaction taken or not as a result of communications from or to its members, officers, directors, employees and contractors. Each individual should consult his/her own counsel, accountant and other advisors as to legal, tax, economic, investment and related matters concerning real estate and other investments.

Content Disclaimer
The views and opinions expressed by authors of articles contributed to this newsletter do not necessarily reflect those of the association, the board of directors or the staff.

President’s Column
Central Florida Cash Buyers Among Those Leading a Nationwide Trend

They say the summer months are the biggest and best time for Americans to move. That coupled with the fact that we are bursting at the seams at the general meeting means CFRI will be packing up and moving to a larger general meeting location.

More on that in a moment… but first:

A study shows that cash buyers have bought up so much real estate we are well ahead most markets in the US. A recently released RealtyTrac report shows Florida had the highest rate of cash sales in the country. The study shows 2 out of 3 homes that sold in the first quarter sold for cash in Florida. According to the Associated Press the national average of homes that sell for cash are only 40%.

If you have been attending the CFRI monthly meeting, you have heard CFRI’s Marketing Director Rob Arnold’s Market Update. In his Market Update, Rob has also been showing us the increasing number of cash sales. The Orlando Regional Realtor Association’s statistic shows that cash buyers have bought up so much real estate we are well ahead most markets in the US.

Sandra Edmond, President
president@cfri.net

A study shows that cash buyers have bought up so much real estate we are well ahead most markets in the US. A recently released RealtyTrac report shows Florida had the highest rate of cash sales in the country. The study shows 2 out of 3 homes that sold in the first quarter sold for cash in Florida. According to the Associated Press the national average of homes that sell for cash are only 40%.

If you have been attending the CFRI monthly meeting, you have heard CFRI’s Marketing Director Rob Arnold’s Market Update. In his Market Update, Rob has also been showing us the increasing number of cash sales. The Orlando Regional Realtor Association’s statistic which Rob Arnold uses also shows us a remarkable decrease in distressed sales. Distressed sales include bank owned homes, short sales etc. The decrease in distressed sales is a good sign that the housing market has improved. Cash is indeed king. Among the highest cash sales in the nation were Florida metropolitan areas: Cape-Coral-Pt Myers, Miami, Sarasota, Palm Bay and Lakeland.
An LLC operating agreement is the guts of your company, and yet many people ignore it or never even get one. Many internet sites offer free articles of organization and then charge for the operating agreement, so people just skip it.

After all, if you file the articles of organization, you have a limited liability company (LLC) as far as the state is concerned. Why bother with an LLC operating agreement?

An LLC operating agreement is a document that you get to write and you never file anywhere, so it must not be very important. This is the logic of many people. But it controls everything that happens in your LLC. In fact, it defines whether or not you have an LLC or a partnership.

There are four legal elements of a corporation. By law an LLC can only have two of those elements, which have to be stated in the operating agreement. Everybody wants all the good stuff a corporation has, so they pick three. Once you pick three, you don’t have an LLC and you don’t have a corporation, so you have a default partnership.

By the way, you probably do want an LLC, because it gives you twice (twice) the asset protection it gives a corporate partnership

The operating agreement controls your tax choices, what asset protection you get out of your LLC, what happens to the LLC after you die, what happens in your LLC. In fact, it defines whether or not you have a real company and not just an alter ego.

The LLC operating agreement will define what the members do and what the managers do. Use it as a checklist to determine what the responsibilities of the members and managers are. For example, who has to approve debt incurred by the company? Who approves leases and contracts entered into by the LLC?

If the LLC operating agreement says that the members have to approve these things, then you need to keep a minutes record, and each time the LLC enters into a contract or authorizes a note for debt there needs to be an entry in the minutes of the LLC. The members then need to periodically approve the actions and minutes.

If you just ignore the requirements of the LLC operating agreement, when you get sued the argument will be, “This isn’t a real company. It’s just your alter ego.” Unless you can show the judge that it is a real company, you will lose your “corporate shield.”

The opposing counsel will always ask for the LLC operating agreement, and he will read it very carefully. If you haven’t followed the things in the LLC operating agreement, he’s basically got you, and the company won’t protect you the way you thought it would.

If you don’t have an LLC operating agreement, you lose by default. If you haven’t written the rules, you get the state’s default rules, and they are not written to protect you. The state really doesn’t have any interest in protecting your from your mistakes and creditors.

Can you see how important the LLC operating agreement is as part of your business structure? A fair amount of the time at June’s CFRI meeting, we’ll go through the Olmstead case, where Florida tried to take away the double asset protection, and I’ll show you how you can keep your double asset protection.

Learn How to Make More Money and Protect Your Assets in Today’s Sue-Happy Society!

He’ll Show You How:
Cut Your 2014 Tax Bill by 10-20% Protect Your Real Estate Investments and Stock Investments from Liens and Liens
Protect Your Assets in a divorce

This is the nation’s foremost full-day seminar on how to use trusts, LLCs, corporations, and limited partnerships to insulate your personal and investment assets from lawsuits, minimize income taxes and manage your assets, even after death.

Things You’ll Learn:
Judgment-Proof Yourself from Lawsuits
• The danger of putting business or real estate assets in a corporation
• Protect personal assets from business/real estate investment liabilities
• Does an LLC or a corporation give you better asset protection?
• Where is the best place to incorporate or form your LLC?

Protect Your Retirement Nest Egg
• The checkbook IRA/LLC disaster that’s coming
• 100% asset protection for your retirement funds
• The other part of ERISA that’s even better than retirement plans
• Current status of state laws protecting IRAs

Ten Urgent Steps to Reducing Your Income Taxes
• Why AGI is the key issue today
• How to get out of the Obamacare taxes
• Save 13% off the top of the take-home money from your business
• What type of corporation/LLC is best for tax savings

Lee Phillips is the nation’s leading expert in asset protection for real estate investors and small businesses. Using a combination of business structures and tax laws, you can add another 15% profit to your take home, and you can protect each of your properties from a meltdown in another property or business.

Lee has developed tax and asset protection strategies for hundreds of successful wealthy real estate investors and businesses over the past 30 years. He is coming to CFRI on June 7 to share his strategies and show you how to implement them for yourself. Knowing what your accountant and lawyer won’t tell you may mean the difference in retiring comfortably and retiring broke on Social Security. In today’s society, you don’t have to make gobs of money, but you do have to know how to keep it or someone will take it away from you. The IRS is your major impediment to financial success. They take half of what you make – that’s a lot to lose. If you don’t think you’re losing half, you’d better check it out on June 7. You’ll be stunned.

His mastery of the “tools of wealth” has made him a sought after speaker for all types of professionals. He rarely spends a day with a small group, but that’s exactly the opportunity you have to share with us.

Lee R. Phillips
United States Supreme Court Counselor
Lead Paint – Federal Rules Are Serious

Can you believe or did you even know that the Federal lead hammer dropped just over 4 years ago? Please don’t shoot the messenger! April 22, 2010 was the big day. On this day and forward, all persons and firms working in pre-1978 homes and child-occupied facilities must be certified and use lead-safe work practices during renovations. The EPA and HUD are behind the new RRP rule and have established accredited training and certification programs for workers, supervisors and inspectors conducting work and evaluation of targeted housing containing lead based paint. Abusers will receive huge fines. HUGE fines.

I have a previous article that goes into more depth on the source, uses and health risks involved with lead based paint. If you like, please shoot me an email and I’ll be glad to forward that to you.

This final rule addresses lead-based paint hazards created by renovation (hello investors and house buyers), repair and painting activities that disturb lead-based paint in “target housing” and “child occupied facilities.” Target housing is defined as a home or residential unit built on or before December 31, 1977; hence the pre-1978 jargon. Child occupied facilities is defined as a pre-1978 building that meets all 3 following criteria: 1) Visited regularly by the same child, under the age of 6. 2) The visits are on at least 2 different days within any week provided that each day’s visit lasts at least 3 hours. 3) The combined weekly visits last at least 6 hours and the combined annual visits last at least 60 hours. These child occupied facilities include residential housing not just day care facilities.

Now not only does someone on the crew need to be trained and certified under this program but the firm must also be certified. If you are not receiving documentation literature from your contractor, he’s either not in compliance or not properly trained and certified which also makes him/her stupid. Firms found to be non-compliant may be liable for civil penalties of up to $32,500 per violation! Those firms who knowingly or willfully violate this regulation may incur an additional $32,500 fine per violation and/or imprisonment.

Now there are some minor repair and maintenance activities that are exempt from compliance. 1) Interior work where less than six square feet (2sf if HUD facility) of painted surface is disturbed in a room or 2) Where less then 20 square feet of painted surface is disturbed on the exterior. 3) You’re doing work yourself in your own house. 4) You have the area to be renovated tested by a Certified Renovator or Certified Inspector and have it cleared. Window replacement, however, is not minor maintenance or repair and will require full compliance.

If the painted surfaces to be affected by a renovation do not contain lead, then obviously you would not be required to be in compliance with the RRP Rule. So how do you determine if a painted surface contains +/− 1 mg/scm²? The least expensive option is with an EPA approved lead testing kit and sampled by a Certified Renovator. This is intrusive and minor damage will be done to the surface being tested. Doing large areas or whole houses would not be practical and would take a lot of time and money. These tests cannot be used on drywall or plaster either. Other options include X-Ray Fluorescence (XRF) instrument sampling taken by a Certified Inspector or Risk Assessor. This is non-intrusive and much quicker. Lastly, paint chip sampling and lab testing can be performed but this can be quite intrusive causing much more visible damage and cost much more. FVI realtors, investors and sellers, “The results of paint testing using test kits are part of the official lead-based paint testing record for a home, and must be disclosed under EPA’s Real Estate Disclosure regulation (40 CFR part 745, subpart F). However, EPA’s regulations only provide for a certified inspector or risk assessor to conduct a lead-based paint inspection and to prepare a lead-based paint inspection report. Thus, allowing renovators to test components does not negate the requirement that a certified inspector or risk assessor follow the requirements set forth in § 745.227(b) when conducting a lead-based paint inspection.” Source EPA website.

Now we’ve had lead disclosure for many years but since December 8, 2008, all landlords must use the new pamphlet, Renovate Right. You must also then get a Continuation of Receipt of Renovate Right. You can obtain these on-line or shoot me an email and I’ll send ‘em to ya.

This fun and exciting information as well as Chinese drywall, radon, asbestos, mold and some other yummy stuff will be presented with FREE CE’s for licensed agents/brokers on June 12!!

EPA notes (not me): “Home test kits for lead are available, but studies suggest that they are not always accurate. Consumers should not rely on these tests before doing renovations.” They want (and will require) trained and certified inspectors to inspect and confirm the presence or absence of lead.

Visit www.CFRI.net or call 407-328-7773 to make your reservation today!
This is Part 3 of 3 in a series about the 25-year history of CFRI.
Where We Are Today: 2008 to 2014 and Beyond.

In speaking with dozens of long-time professionals including attorneys, real estate brokers, lenders, title agents, and investors none could recall an economy quite as difficult and changing as that of the ‘Great Recession’ that began in about 2008. Especially the length of time the tough economy has prolonged. Like so many others in the industry CFRI had its own challenges during those unprecedented times. But time heals all wounds and things eventually improve.

In 2009 Fred Allen rose from Membership Director to President. Because of the economy, membership of CFRI began to decline for the first time ever. Many people who had been successful real estate investors and mortgage lenders for decades found themselves in financial chaos and even headed to foreclosure or bankruptcy. It was definitely a tough time for so many people in the industry.

During Fred’s tenure, CFRI first associated itself with the University of Central Florida’s real estate program. We also had our first ever “lobbyist training” and had a number of elected officials share at our events in order to help us in the legislative and public relations arena. Again in 2009, CFRI was awarded the National Award of Excellence from the National Real Estate Investors’ Association for being the best overall association in the United States.

Charles Fischer took over the helm as President in 2010 and 2011. Charles was a previous board member and long-time Brevard County Chapter leader prior to moving into this position. The true extent of the real estate crash became apparent during this period. Foreclosures and short sales were far more common than traditional sales. In most areas of Central Florida, about half of all properties being sold were in some sort of financial distress. Interest rates plummeted down into the low 4’s, a number not seen in nearly 50 years. Towards the end of 2011, the market began to finally bottom out as median prices in Orlando went as low as $95,000. It is pretty amazing how low prices went considering that they were up to nearly $200,000 back in 2007.

It was during Charles’ term that we moved our general meetings up the road to the Orlando Museum of Art. Even with the economy being in rough shape, we kept true to our networking, education, integrity” motto and provided many high-quality, low-cost educational experiences to our members.

Adam Sleap stepped back in again as CFRI President in 2012. The real estate market started to see some prices rising. Wall Street investors formed “hedge funds” to start buying up all the cheap houses and rent them out. Nearly 50% of all sales in Central Florida were to cash buyers many of whom were investors. The market was actually starting to recover some although at much lower prices and interest rates than in years past.

A lot of restructuring happened under Adam’s new tenure. We changed much of our educational and administrative format by moving the corporate office out of the larger (but under utilized and a long drive for many) Lake Mary Facility and relocated into the current Casselberry location. CFRI began hosting its educational classes at more centralized and convenient locations. We also relocated our general meeting across the parking lot to the Orlando Science Center. During this time we started actively doing social media marketing on sites like Facebook, Twitter, and YouTube. Additionally we partnered forces with Home Depot so that our members could benefit from a rebate check on all of their purchases.

In 2013 (and again in 2014) Sandra Edmond became the first black President of CFRI and only the second black woman to be a REIA President in all the United States. While born in America, Sandra is proud of her Haitian roots and has truly embraced the American dream of entrepreneurship by being the “Queen of Tax Deeds.” Sandra had been on the association board for several years previously including Membership Director, Secretary, and Vice President. During her term, CFRI had its first increase in membership since the real estate market crashed. So much growth in fact that we will be moving our general meeting to a larger location in July 2014, Edgewater High School. We also saw our first positive budget numbers in over 4 years. CFRI again received the National Award of Excellence in 2013. Our logo was revised to include “Est 1989” in order to commemorate our longevity into our silver anniversary. The CFRI website is also being rebuilt on a new platform to give us a much more dynamic and professional site.

The real estate market dynamics in the last 2 or 3 years have been dramatically better for anyone that can purchase property. That is why Wall Street hedge funds have been investing in our market. They know the amazing opportunity that currently exists. Great transfers of wealth happen during economic down times. Educated members who are taking advantage of these opportunities should be very well off years from now when the economy is more vibrant. Truly a once in a lifetime set of circumstances that we have been seeing especially with interest rates as low as they still are.

Whether you realize it or not the strong leadership of CFRI’s Presidents, Boards, and staff during this recession has been amazing. The smart financial moves that were made during this period may not be the most popular or exciting things to talk about. However they have had a great impact to soften the economic blow for our organization so that we are able to continue to provide quality educational and networking opportunities to our members for many years to come. Here is a big THANK YOU to all those that worked hard to keep CFRI viable and resilient during the tough times!

This series of articles has mentioned the Presidents of CFRI and many of the events that occurred during their respective terms. We must also recognize the valuable contributions of so many volunteers who have served over the past 25 years as board directors, county chapter and focus group leaders, program providers, and committee members, those that help at the general meeting and educational events, and a variety of other positions. Thank you to everyone that has volunteered to help CFRI past and present!

Lastly, a big heartfelt thank you to our staff! We presently only have two paid employees. They work tirelessly and happily to coordinate every facet of CFRI that gives us a first-class association.

It is truly a spectacular achievement, and a result of freedom, democracy, and volunteerism that created and nurtured CFRI for 25 years. For many years to come, members will continue to pursue their dreams of self-fulfillment and financial security by taking advantage of the many benefits and opportunities available through our organization. Many of us who have attained success in real estate can credit our membership in CFRI as a major factor.

Happy 25th Anniversary CFRI!!! Here’s to the next 25 years...

Written by Rob Arnold, CFRI’s 2014 Marketing Director. Some content provided by Fred Allen as excerpted from the February 2008 CFRI newsletter.
Do You Want To Chase Deals All Day?

No! Absolutely not.

You want motivated sellers to call you and beg you to buy their house. The business of buying and selling homes is fairly easy, especially when you have CFRI members to help you, sell, negotiate, get financing, assign the contract, rehab the house and get it closed.

However, the hard part about this business is getting your phone to ring or the seller to fill out a form on your website.

Many, many people ask me what is the best way to find deals. It is different for everyone. You must use trial and error to see what works best for you.

My three favorite ways are in order.

1. **Being an expert.** I am fairly well known in the group as an honest and straightforward person who deals in wholesale properties. I tell people what I do and have at all times within CFRI meetings. I teach on the Junkers to Jewels free of charge. I started the Seminole County Chapter and the advanced investor luncheon and still attend both regularly years later. I invest in being known at CFRI. I am rewarded with new people calling me to help with, partner to simply take over the deal and pay them a partner fee. This method costs very little except for time. I do about 70% of my deals with other members of CFRI. It is well worth your investment of time and money to attend as many classes and meetings as you can afford.

2. **The internet.** I bought www.ibuyhomes.com 15 years ago the month after attending my first CFRI meeting. I spend about an hour a day reading up on the latest trends and tips about internet marketing. Again, this is not very expensive. A domain costs you maximum of $10 per year. Hosting is a maximum of $50 per year for a beginner website without a great deal of traffic. You can get a quality website built on odesk for $200. Then comes the hard part. How do you get it ranked to show up in the search engines. We will explore this in-depth at my all day Saturday class. We will do a review of at least 4 of your websites and how to make them better. Don’t be shy, I will try and be gentle if your site is not all that great currently.

3. **Direct mail.** There are so many great lists to mail to. Some of my favorites are probate, out of town owners and vacant houses from driving. There are many, many more for you to test. We will discuss when to mail, what to mail, how many is a good test and most importantly what to say to get the phone ringing. I sold direct mail to Walt Disney, Marriott Vacation Club, WMFE and many others before getting into the home buying business. So I know what makes a good direct mail piece. Again, bring your direct mail to the event and we will make it better by critiquing it in class.

I will also spend a great deal of time about how to determine if it is a great deal, what to ask the seller so you can make an offer right over the phone.

I hope to see you on Saturday, June 28. You will learn a lot.
“Marlene, Should I Buy This Course?” – 7 Things to Consider Before You Invest in Your Next Real Estate Course – Part 2

In Part 1 of this article, we discussed some of the many things to consider before you purchase an educational course from a real estate guru. This article is a continuation of those considerations starting with number 5.

5. Will You Commit to Following up on Leads? So, you know you’ll do the marketing for leads per the guru’s instructions. Do you have a way to follow up with the leads coming in? Said guru should provide a system of not only marketing for leads but also following up and processing those leads. If that’s not clear for you, you’ll be wasting time and money. Make sure you have a system or process or outsourced help to handle all the leads that will be coming in.

6. Got Access to the Guru? In our more connected world, most gurus make themselves accessible to you especially when you first invest in their programs. They want you to succeed using their strategies and they want to share your success story. Decide to take full advantage of the opportunity to have “after the sale” access or do joint ventures with the guru if offered. If you know you won’t make the time, don’t make the investment. It’s a priceless opportunity to have access to the guru to ask questions and work through their program. Don’t squander it.

7. Are you making the Investment for later, not now? Confession time! I’ve bought courses knowing that I won’t be using the entire program at the moment but it’s a subject I want to understand and know more about or tackle at a later time. Why? Because I can and I simply like to stay informed about subjects in my field of study. I invested in a Mobile Home course years ago because I wanted to understand how it worked and if it’s something I wanted to do. Reviewed the program and haven’t bought a mobile home, and I’m fine with that! I learned what I didn’t want to do and have no interest in doing! Knowing what you DON’T WANT is just as important as knowing what you DO WANT! I’ve also bought courses because I wanted to understand the gurus’ strategies, business processes or use a couple of nuggets from their course. I know the value to my business of learning just 1 new concept or strategy. Here’s my best example for you...For several years I’d buy condos and houses under $350K but always wondered how people bought multi-units and apartment buildings valued over a million. I didn’t come from a wealthy family and sure didn’t have a sugar daddy and for years I just didn’t know how they acquired those larger properties. My CPA didn’t tell me when asked and nobody in my circle knew how to buy larger properties.

To this day, I vividly remember the moment that I learned about Section 1031 of the tax code that allows for exchanging smaller properties into larger properties. This allowed me to exchange the equity in my smaller properties into apartment buildings and multi-units. I learned I could buy a 137 unit apartment complex using a single-family home that I bought using a program I had purchased. Just learning that alone allowed me to increase the value of my portfolio and tackle bigger projects. That, my friend is the value of investing in a course. If you are clear about your investing goals and certain you’ll take action to get closer to those goals, buy the course and make it work for you!

In closing, I encourage you to embrace lifelong learning and education, and most importantly, make daily progress towards your personal and investing goals. Don’t allow the naysayers to discourage you. Don’t compare yourself to another. You have NO IDEA what advantages or disadvantages they have in their lives. Simply run your own race daily to hit your own goals and if that means you must invest in a course to move you along, do so.

Don’t beat yourself up over all the high priced programs and courses you haven’t acted on in the past. It’s par for the course and part of your discovery process, water under the bridge. Just find something to sink your teeth into and get tangible results from taking action and working through the Fear with the support and help of folks in CFRI.

Also know that I have yet to meet ANY GURU who has IMPLEMENTED EVERY SINGLE PROGRAM in their library. The most overlooked fact is that all gurus were once where you are today – simply trying to figure things out on their own journey to hit their own goals! So, you, my friend, must now DECIDE to go forth and prosper!

Marlene Green 2013 CFRI Vice President & Past Board Member

Asset Manager & LegalShield Independent Associate
Send comments or questions to Marlene@MarleneGreen.com
Deals of the month

Tom Rumph, VICE-PRESIDENT

May Deals of the Month

Foster Algier – The “Godfather of Wholesaling” – It’s All about TEAMWORK

Foster Algier has been investing in the Central Florida area for 20 years and is a 17-year member of CFRI. Foster is the founder of First Alliance Capital Group, LLC, which is the oldest wholesale company in Central Florida. Foster presented this deal because he believes in the power of the team and the association of working with CFRI members. He also thought this would be good for the general membership as a whole to learn from, as it was unique and cutting edge.

The lead for 1050 Joel Court Deltona came as a response to a Probate Letter sent by Mitch Thomas. It appeared to be a typical wholesale deal, and First Alliance Capital would put it under contract and flip it to an experienced cash buyer. However, the title search came back with a mortgage balance that was higher than the seller thought. The mortgage was a line of credit issued to the deceased. Now not only was there a deceased person, the deal was quickly dying. There didn’t appear to be any money to be made on this property.

The deceased left the home to two brothers who did not get along. They took their anger out by wrecking the house. Then one brother took his anger out on the other. Now there’s only one remaining brother, who is criminally insane and hospitalized. The living brother’s guardian took control of the house, but was unable to sell it or keep it out of foreclosure. Realtors could not sell the house and attorneys could not get the bank to settle and get the property out of foreclosure.

When Mitch called explaining the situation, Foster suggested bringing in the services of a “Debt Negotiator.” This longtime investor and former CFRI member has extensive inside knowledge of banking and the court systems. They needed the mortgage reduced by $16,500 to make it a profitable wholesale flip. The Debt Negotiator reduced it by $18,263. The additional savings paid for the negotiation services. They sent the bank a settlement offer, which included a scope of work for the repairs, a Brokers Price Opinion (BPO), and pictures of the house. They received an acceptance letter from the bank in four days and then immediately went to the closing.

The property was purchased and rehabbed by Christina Hixson, an experienced real estate investor and longtime CFRI member. It is currently listed on the market for $125,000.

The seller sent a letter to Foster’s team thanking them for saving the house from foreclosure.

Lessons Learned:
• Don’t assume the lead is dead!
• Settlement offers are different from short sales as they are not restrictive
• Never underestimate the power of this Debt Negotiator
• MOST IMPORTANT - ask other experienced investors, such as Foster, for assistance when you run into an apparently insurmountable problem.

The Property:
• 3 Bed, 2 Bath
• 1,440 Square Feet
• Year built: 1993

Deal Summary:
Contract Price
Buyer Reduction for closing costs
First Alliance Capital
Mitch Thomas
Debt Negotiator
Seller
Property Taxes Paid (3 years)
First Mortgage Payoff
$ 44,900
$ 1,000
$ 5,000
$ 5,000
$ 2,228
$ 9,400
$ 6,035
$ 16,500

What’s in it for the buyer?
• The buyer will own the house free and clear to holding state Broker licenses in Real Estate and insurance. Denny started property investing in September 2010 and has been a committed CFRI member. He has achieved eight deals in his portfolio, including two rentals. One of his favorite lessons about success that he learned from Napoleon Hill in “Think and Grow Rich” is that “Knowledge is only potential power.” Applying knowledge is POWER.

Denny received a call from an individual who saw one of his yellow signs posted on the roadside. The owner was tired of being a landlord and wanted to sell right away. He was asking $100,000 for a three-bedroom, two-bath, single-family home and he owed $92,000 on a 30-year mortgage. Denny quickly calculated the After Repair Value (ARV) to be about $110,000.

After visiting the property, Denny calculated the repairs to be about $25,000. The house needed kitchen and bathroom updates, windows replaced, flooring, paint, AC duct work, and construction to build a closet. He began to lose hope, because the sum of the mortgage balance and the repairs were more than his conservative valuation.

Then Denny reached out to his experienced real estate investing network for some inspiration. He put all his beliefs about the deal aside and opened his mind to other ideas, and he received many. Much to his surprise, the seller chose his third offer:

1. List the house on the MLS for $65,000 and the seller brings $40,000 to the closing. - A big chunk of savings or requires liquidation of assets.

2. Short Sale House. - The seller will suffer tax and credit consequences. Plus, he had to continue being a landlord or take a huge risk by leaving the property vacant.

3. Sell the house for $67,000 – “Subject To” the existing $92,000 mortgage and the seller brings $25,000 to the closing.

What is in it for the seller? Why choose option three:
• The house is sold immediately. The seller is no longer responsible for the property.
• The $25,000 the seller brought to the closing table will be used to update the property and make it more valuable.
• The seller avoids the long and painful short sale process and will not have tax and credit consequences.
• The seller retains the right to take back the property should the buyer stop making payments.

What’s in it for the buyer?
• Use the seller provided funds to increase the value of the house and its rental value;
• Good financing is already in place. The buyer does not have to go to the bank or to a private lender;
• The property will bring in $1,100 per month for a Section 8 tenant. The US government pays the majority of the monthly payment. Most section 8 tenants will pay the rent on time to avoid losing government paid rent subsidy;
• The property generates $1,100 per month and;
• The property will bring in $1,100 per month for a Section 8 tenant. The US government pays the majority of the monthly payment. Most section 8 tenants will pay the rent on time to avoid losing government paid rent subsidy;
• The property generates $178 a month and cash flow;
• The buyer is a Broker and is managing the property himself for an additional $288 per month income and;
• The buyer will own the house free and clear after the rental income pays off the mortgage.

Denny appreciates all the support that he gets from the CFRI membership and most especially Dawn Reed, Robin and Alan Daniels, Marty Oreffice, Greg Clarkson, Augie Byllott and, my girlfriend Dessi and family.
### Business Directory

<table>
<thead>
<tr>
<th>Type of Business</th>
<th>Company Name</th>
<th>Phone</th>
<th>Website</th>
<th>Primary Contact</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Bank</strong></td>
<td>Richard Law Firm, PA</td>
<td>407-039-0781</td>
<td></td>
<td>Hope Richards</td>
</tr>
<tr>
<td><strong>Bookkeeping/Office Assistance</strong></td>
<td>Priority Admin &amp; Bookkeeping Services</td>
<td>321-665-0174</td>
<td><a href="http://www.priorityvc.com">www.priorityvc.com</a></td>
<td>Shen Yankel</td>
</tr>
<tr>
<td><strong>Contractor - Air Conditioning</strong></td>
<td>Air Conditioning Experts Inc.</td>
<td>321-568-0464</td>
<td>407cooling.com</td>
<td>Harold Gentry</td>
</tr>
<tr>
<td></td>
<td>Air Conditioning Contractors of Central Florida</td>
<td>321-386-1722</td>
<td><a href="http://www.aacfl.com">www.aacfl.com</a></td>
<td>Lisa Watson</td>
</tr>
<tr>
<td></td>
<td>Cool Zone AC</td>
<td>407-659-1940</td>
<td>mycoolzoneac.com</td>
<td>Mark Adams</td>
</tr>
<tr>
<td><strong>Consultant - Building General</strong></td>
<td>Nekso Construction, Inc.</td>
<td>407-763-7982</td>
<td><a href="http://www.nekso.com">www.nekso.com</a></td>
<td>James Olson</td>
</tr>
<tr>
<td></td>
<td>Air &amp; Roofing</td>
<td>407-488-0468</td>
<td><a href="http://www.airandroofing.com">www.airandroofing.com</a></td>
<td>Leon Gonzalez</td>
</tr>
<tr>
<td><strong>CPA</strong></td>
<td>T. Shropshire &amp; CPA</td>
<td>407-645-4775</td>
<td></td>
<td>Step Bear, CPA</td>
</tr>
<tr>
<td><strong>CPA - Incorporation Services</strong></td>
<td>Small Business Resources, Inc.</td>
<td>407-298-4464</td>
<td><a href="http://www.sbres.com">www.sbres.com</a></td>
<td>James Duer, CPA</td>
</tr>
<tr>
<td><strong>CFRI Success Team Member</strong></td>
<td>Airtime, Inc.</td>
<td>407-315-4107</td>
<td><a href="http://www.airtime.com">www.airtime.com</a></td>
<td>Edmond Edwards</td>
</tr>
<tr>
<td></td>
<td>Charles Fischer</td>
<td>321-302-0930</td>
<td>charlesfischer.com</td>
<td>Charles Fischer</td>
</tr>
<tr>
<td></td>
<td>Creating Wealth USA, LLC</td>
<td>855-662-0429</td>
<td><a href="http://www.potpropertypro.com">www.potpropertypro.com</a></td>
<td>Augg Bilotti</td>
</tr>
<tr>
<td></td>
<td>Corn C. Barr</td>
<td>407-326-2885</td>
<td><a href="http://www.mortgageflorida.com">www.mortgageflorida.com</a></td>
<td>Curt C. Barr</td>
</tr>
<tr>
<td><strong>CFRI Success Team Member</strong></td>
<td>Real Wealth Publishing</td>
<td>321-567-1855</td>
<td><a href="http://www.realwealthusa.com">www.realwealthusa.com</a></td>
<td>Chris McClearyy</td>
</tr>
<tr>
<td><strong>Flooring</strong></td>
<td>SalsuMaster Inc.</td>
<td>407-722-2205</td>
<td></td>
<td>Aida Dura</td>
</tr>
<tr>
<td><strong>Inspections</strong></td>
<td>Mark's Guaranteed Home Inspections</td>
<td>321-045-2930</td>
<td><a href="http://www.mark3.com">www.mark3.com</a></td>
<td>Mark Torpey</td>
</tr>
<tr>
<td></td>
<td>ACS Home Inspection Services</td>
<td>407 882-8683</td>
<td>422inspection.com</td>
<td>Brian Sullivan</td>
</tr>
<tr>
<td></td>
<td>The Inspectionagel</td>
<td>407-678-4863</td>
<td><a href="http://www.inspectionagel.com">www.inspectionagel.com</a></td>
<td>Jim Bottom</td>
</tr>
<tr>
<td><strong>Insurance</strong></td>
<td>Business Insurance Services</td>
<td>407-607-3777</td>
<td></td>
<td>R. J. Randell</td>
</tr>
<tr>
<td><strong>Locksmith</strong></td>
<td>Mr. Key of Orlando</td>
<td>407-207-0272</td>
<td><a href="http://www.keyof.com">www.keyof.com</a></td>
<td>Daniel Lewis</td>
</tr>
<tr>
<td><strong>Listed Trade Services</strong></td>
<td>Common Wealth Trust Services, LLC</td>
<td>407-651-0231</td>
<td><a href="http://www.commonwealthtrust.com">www.commonwealthtrust.com</a></td>
<td>Augill Bilotti</td>
</tr>
<tr>
<td></td>
<td>Mortgage Professional of Central Florida</td>
<td>407-326-2885</td>
<td><a href="http://www.mortgageflorida.com">www.mortgageflorida.com</a></td>
<td>Curt C. Barr</td>
</tr>
<tr>
<td></td>
<td>Patriot Home Funding, Inc.</td>
<td>877-377-6253</td>
<td>mypfi.com</td>
<td>Outlaw Closeout</td>
</tr>
<tr>
<td></td>
<td>The Mortgage Firm, Inc.</td>
<td>407-275-5112</td>
<td><a href="http://www.themortgagelens.com">www.themortgagelens.com</a></td>
<td>Jonathan County</td>
</tr>
</tbody>
</table>

### Type of Business

- **Mortgages** - Equity Mortgage Resources, Inc. | 855-401-5760 | www.equitymortg.com | Isaac Gonzalez |
- **Mortgages** - Investors Mortgage LLC | 386-756-1011 | www.investorsmortg.com | Pat Kiehl |
- **Mortgages** - Private Money Network | 386-628-2922 | www.privateannmoneynetwork.com | Robert Branch |
- **Property Management** - All County Sterling Property Management | 407-248-5811 | www.allcountystirling.com | James Ritchie |
- **Property Management** - Home Pro Real Estate | 855-656-6400 | www.homenowseeks.com | Scott Barta |
- **Property Management** - Laker Properties LLC | 321-244-2924 | www.lakerproperties.com | Tim Lauer |
- **Property Management** - The Reality Media | 321-647-7183 | www.therealrealitymedia.com | Ben Serraeridge |
- **Real Estate Brokerage** - Equity First Realty | 407-616-6855 | www.equity1st.com | Ben Yorge |
- **Real Estate Brokerage** - Florida Home Realty & Investments | 407-256-3346 | florida1st.com | Danny Verges |
- **Real Estate Investments** - Creative Homes of Orlando | 407-654-7932 | www.createyourowncare.com | Kevin Mennar |
- **Real Estate Investments** - Florida Home Hunters, Inc. | 321-148-8577 | floridahomehunters.com | Bubba Hopey |
- **Real Estate Investments** - Freely Squadded Homes | 407-635-2429 | www.realdeals.com | Sean Lowell |
- **Real Estate Investments** - Perko Property Solutions | 386-314-0013 | www.perkoproperties.com | Karl Kipkong |
- **Rental & Renovation** | Home Fixers Orlando | 407-262-0750 | www.homefixers.com | Greg Clarken |
- **Self Directed IRA** - Nuview IRA, Inc. | 407-387-5472 | www.nuviewira.com | Glen Mahler |
- **Staging** | Shorttermes | 407-351-1915 | www.shortterms.com | Chaitanya Grieses |
- **Title Company** - Equity Title, Inc. | 855-662-9300 | www.equitytitle.com | Sue Folco |
- **Title Company** - Escape Title Company | 407-051-0201 | www.escape.com | Charles Castellon |
- **Title Company** - Everett Title Group, LLC | 407-271-3700 | www.everetttitlegroup.com | James Lawhun |
- **Title Company** - Mini Trust Group, Inc. | 352-214-6303 | www.minitrusttitle.com | Wendy More |
- **Title Company** - Orlando Title Professional, LLC | 407-489-4925 | www.orlandotitlepros.com | Tim Vang |
- **Title Company** - Southeast Professional Title, LLC | 407-551-0800 | www.homeprotitle.com | Ryan Kozak |
- **Website/Technology Services** | Vision LLC | 321-686-5198 | www.vision.com | Susan Goldthorp |
- **Wholesale Properties** - 407CHEAP.com | 407-671-4269 | 407CHEAP.com | Todd Hughesen |
- **Wholesale Properties** - Equity First Realty | 407-616-6855 | www.equity1st.com | Ben Yorge |
- **Wholesale Properties** - Investors Mortgage LLC | 407-656-3946 | www.investorsmortgage.com | Sean Reale |
- **Wholesale Properties** - Investment Home Direct | 407-246-4443 | www.investmenthomdirect.com | Calvin Brown |
COMMERCIAL & LAND DEVELOPMENT*, with Josh Harris & Scott Banta
Focus Group. Explore land development and different aspects of commercial investing. (Meets at 6:30 pm, Orlando/UCF area. First Monday of Each Month.)

MONEY 101*, with Nora Gregory + Steve Goldhersz
Focus Group. Identify and explore how non-bank money can work for you. (Meets at 6:30 pm, Lake Mary. First Tuesday of Each Month.)

CENTRAL FLORIDA REALTY INVESTORS GENERAL MEETING
Our signature monthly networking and educational event. June’s guest speaker is Lee Phillips, Counselor United States Supreme Court. (Meeting 6:00 - 9:00 pm, Orlando Science Center, (OSC), 777 E. Princeton Street, Orlando. First Wednesday of Each Month.)

ADVANCED INVESTORS*, with Robin Daniels
Focus Group. Limited openings—email application from CFRI Online Library to leader. Experienced investors meet for lunch weekly to network, buy, sell, and listen to speakers. (Meets at Noon, Orlando. Every Thursday.)

TAX-DEFERRED REAL ESTATE INVESTMENTS*, with Ron Pruitt
Focus Group. Learn how to fully utilize self-directed IRAs and 1031 exchanges. (Meets at 6:30 pm, Altamonte Springs. First Thursday of Each Month.)

LEE PHILLIPS “LEARN HOW TO MAKE MORE MONEY AND PROTECT YOUR ASS-ETS IN TODAY’S SUE-HAPPY SOCIETY” All-Day Seminar. Meets from 9:00 am - 5:00 pm at Herzing University, 1865 SR 436, Room 202, Winter Park, FL 32792.

WOMEN INVESTORS*, with Audrey Byllott + Marie Bravo
Focus Group. Discuss issues that women face in the real estate investment business and how to support each other. (Meets at 11:30 am, Orlando. Second Monday of Each Month.)

CFRI OSCEOLA COUNTY, with Augie Byllott
Chapter. Email osceolacounty@cfri.net. (Meets at 6:30 pm, Holiday Inn Maingate East, 5711 W. US Hwy 192, Kissimmee. Second Monday of Each Month.)

CFRI SEMINOLE COUNTY, with Marty Orefice + Dave Dostal
Chapter. Email seminolecounty@cfri.net. (Meets at 6:30 pm, at the Herzing University, 1865 SR 436, Winter Park. Second Tuesday Of Each Month.)

CFRI LAKE COUNTY, with Kristine Baker
Chapter. Email lakecounty@cfri.net. 352-256-9940. (Meets at 6:30 pm, The Holiday Inn Express, 1810 South US 27, Clermont. Second Wednesday of Each Month.)

CFRI ORIENTATION**, with Krystal Little
Get Oriented! New business members meet at 6:30 - 7:00 pm. New General Members meet at 7:00 - 7:30 pm, Herzing University, 1865 SR 436, Room 202, Winter Park, FL 32792. Second Wednesday of the month.

June 11

QUICK START FOR RE INVESTORS*, with Adam Sleap + Fern Burr
Focus Group - Limited Openings - email administrator@cfri.net. Topics for new investors including Quick Turn real estate, Landlording, Negotiating, plus others. Starts at 7:30 pm. Herzing University, 1865 SR 436, Room 202, Winter Park, FL 32792.

LANDLORDING AND PROPERTY MANAGEMENT*, with Sue Goldhersz
Focus Group. Learn all aspects of being a landlord such as screening the tenant, evictions, how to handle the 3:00 a.m. phone call, etc. (Meets at 6:30 pm, Orlando. Second Thursday of Each Month.)

TOXIC REAL ESTATE, with Jon Bolton
Meets from 6:30 pm - 9:30 pm at Herzing University, 1865 SR 436, Room 202. Winter Park, FL 32792.

FORECLOSURES, SHORT SALES, & REOs*, with Ivan Salvador
Focus Group. Explore different investing techniques, including foreclosures, short sales, and REOs. (Meets at 6:30 pm, Orlando. Third Monday of each month.)

CFRI BREvard COUNTY, with Chris McClatchey & Charles Fischer
Chapter. Email brevardcounty@cfri.net. 321-453-2500. (Meets at 6:30 pm to 8:30 pm, Space Coast Association of Realtors, 105 McLeod St., Merritt Island. Third Tuesday of Each Month.)

CFRI ORANGE COUNTY, with Doug Mascal
Chapter. Email orangecounty@cfri.net. 407-328-7773. (Meets at 5:30 pm, Marks Street Senior Center, 99 E. Marks St., Orlando. 32803. Third Wednesday of Each Month.)

REAL ESTATE INVESTMENT TECHNIQUES*, with Augie Byllott + Christa Hixon
Focus Group. Limited openings—email Augie@PACTProsperity.com. Explore utilizing different investment techniques. (Meets at 6:30 pm, Orlando. Fourth Monday of Each Month.)

REAL ESTATE LAW with Charles Castellon
Focus Group - Limited Openings. Discuss all aspects of Real Estate law with an experienced Real Estate attorney. (Meets at 6:30 pm, Orlando. Last Tuesday of Each Month.)

BUSINESS & TAX STRATEGIES*, with James K. Duerr, CPA
Real estate investing with an emphasis on entity structuring and varying tax treatments. Email businesstaxstrategies@cfri.net. 407-298-4646. (Meets at 6:30 pm, Orlando. Last Wednesday of Each Month.)

CFRI VOLUSIA COUNTY, with Art Musselman + Bob Burozki
Chapter. Email volusiacounty@cfri.net. (Networking at 6:00 PM. Meeting at 6:30 PM. Best Western Plus International Speedway Hotel, 2620 W. International Blvd., Daytona Beach, 32114. Last Thursday of Each Month)

WHOLESALING – ZERO RISKS! MAXIMUM PROFITS, with Todd Hutcheson
All-Day Seminar. Meets from 9:00 am - 5:00 pm at Herzing University, 1865 SR 436, Room 202, Winter Park, FL 32792.
CFRI General Meeting

Don’t Miss This Opportunity...
The June 4th General Meeting features Lee Phillips, Counselor United States Supreme Court, who will teach you how to reposition yourself in the law so that you can go out and make more money than you have ever thought possible.

Location: Orlando Science Center
777 E. Princeton Street, Orlando, FL 32803
Date: June 4, 2014
Time: Doors open at 5:15 PM for networking
General Meeting begins at 6:00 PM
Featured Speaker begins at 7:30 PM

Sponsor a CFRI General Meeting

- Get a premium table location
- Ability to pass out information in the Auditorium
- 5-10 minutes on stage to promote your business

Sponsor the General Meeting for $250. Get a premium table location and time on stage to promote your business.

If your business would like to sponsor the General Meeting, contact Administrator@CFRI.net or call (407) 328-7773.

Thank you for your support!

June 4, 2014
CFRI General Meeting featuring Lee Phillips, Counselor United States Supreme Court

June 7, 2014
Full Day Seminar “Learn How To Make More Money and Protect Your Ass-sets in Today’s Sue-Happy Society!” with Lee Phillips, Counselor United States Supreme Court

June 12, 2014
Evening Seminar “Toxic Real Estate” with Jon Bolton, The Inspectagator

June 28, 2014
Full Day Seminar “Wholesaling – Zero Risks! Maximum Profits” with Todd Hutcheson

(All meetings subject to change.)

laş the Date

Our Gift To You! Enjoy!

PLEASE BE OUR GUEST (A $20 VALUE)
COMPLIMENTS OF CFRI BUSINESS MEMBERS

NAME: _______________________________________________________
DATE: _______________________________________________________
COUPON SOURCE: _____________________________________________

CODE CFRI NEWSLETTER

GUEST PASS

Thank you for your support!

Sponsor the General Meeting for $250. Get a premium table location on stage to promote your business. If your business would like to sponsor the General Meeting, contact Administrator@CFRI.net or call (407) 328-7773.

For Sale With Cash or Hard Money

Wholesale Properties • REOs Bank Owned
Short Sales • Flips • Rentals

Don’t forget, we also pay cash for properties!

www.PROPERTIESCHEAP.COM

DIRECT HARD MONEY LENDER

WE LEND ON
RESIDENTIAL • COMMERCIAL
CASH-OUTS • RENTALS
NEW CONSTRUCTION
MULTI-FAMILY
FLIPS/REHABS

Contact:
Jon Doss
(407) 252-6075
JONDoss.Sil@gmail.com
NMLS# 784125

www.SECUREDINVESTMENTLENDING.com

Offices:
3840 Saint John’s Parkway
Sanford, FL 32771
(407) 878-2830

For Sale With Cash or Hard Money

Wholesale Properties • REOs Bank Owned
Short Sales • Flips • Rentals

Don’t forget, we also pay cash for properties!

www.PROPERTIESCHEAP.COM

1-2 Year Loans Up to 65% of After Repaired Value!
<table>
<thead>
<tr>
<th>SUNDAY</th>
<th>MONDAY</th>
<th>TUESDAY</th>
<th>WEDNESDAY</th>
<th>THURSDAY</th>
<th>FRIDAY</th>
<th>SATURDAY</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td><strong>June</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>8</td>
<td>9</td>
<td>10</td>
<td>11</td>
<td>12</td>
</tr>
<tr>
<td>8</td>
<td>9</td>
<td>10</td>
<td>11</td>
<td>12</td>
<td>13</td>
<td>14</td>
</tr>
<tr>
<td></td>
<td></td>
<td>15</td>
<td>16</td>
<td>17</td>
<td>18</td>
<td>19</td>
</tr>
<tr>
<td>15</td>
<td>16</td>
<td>17</td>
<td>18</td>
<td>19</td>
<td>20</td>
<td>21</td>
</tr>
<tr>
<td></td>
<td></td>
<td>22</td>
<td>23</td>
<td>24</td>
<td>25</td>
<td>26</td>
</tr>
<tr>
<td>22</td>
<td>23</td>
<td>24</td>
<td>25</td>
<td>26</td>
<td>27</td>
<td>28</td>
</tr>
<tr>
<td></td>
<td></td>
<td>29</td>
<td>30</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>29</td>
<td>30</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The monthly calendar provides an at-a-glance overview of events detailed on the Upcoming Events page. For complete descriptions, please turn to page 20.