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Forever Cash Real Estate Podcast 002

Here's How to Make More Cash and Cash Flow in Land than Flipping Houses

Hosted by: Jack and Michelle Bosch

Intro: Are you ready to transform your financial future? Here's your chance to see inside the mindset of self-made millionaires, Jack and Michelle Bosch as they go back the curtain on secrets that can make you rich. Discover how everyday people are breaking the norms and building empires from the ground up using a little low yet proven and time-tested wealth building real estate strategies. It's my pleasure to welcome you to the ForeverCash.com podcast and introduce you to our hosts, serial entrepreneurs, investors, educators and best-selling authors, Jack and Michelle Bosch. Strap yourself in for the ride of your life.

Jack: Hello, everyone! This is Jack...

Michelle: ...And Michelle Bosch.

Jack: Wonderful! Welcome to the Forever Cash Real Estate Podcast, where you'll learn techniques in real estate that you don't find anywhere else. Techniques that allowed us to become millionaires in literally 18 months that can do the exact same thing for you too. So my co-host, Michelle Bosch, also my wife for over 13 years and the love of my life, if I may say so.

Michelle: Believe it or not, we're still married after working for almost the same exact amount of time.

Jack: Right! We worked together since the very beginning. I couldn't be happier to have her on my side on this podcast because she is a true powerhouse in terms of being able to put together a cool business structure. A business structure that works processes, procedures, systems more than anything. Systems that have allowed us to grow from zero to a million dollars, as I said, in net worth in 18



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months and obviously beyond ever since. We're financially free. We're happy to be financially free. In today's podcast, we're going to share with you the exact method that got us to \$1 million in 18 months and financial freedom, complete financial freedom in a matter of just... What was it? Two, three years?

Michelle: Uh-huh.

Jack: Not more than that.

Michelle: Uh-huh.

Jack: But before we get started, let me quickly remind you and let me... First of all, let me welcome you to this podcast and let me tell you that, when you go to www.ForeverCashFreedom.com, you can get a free gift from us - a free mini course that shares with you the principles of our investing method. You get it completely free of charge, completely free as a gift from us, just for us to thank you for listening to this podcast. But now, let's jump into the actual method that we're talking about.

Michelle: So, this is a method that is dear to our heart because this is what got us started. This is what created our seed money. It is what created what we call our one-time money, in order to be able to then move on to temporary and forever cash. So, this methodology or system is actually called the "Land Profit Generator." And for the last 13 years, our purpose has been financial independence and this has been the bread and butter of what has made that possible. We have built multimillion dollar businesses together. I have run operations, finances... I have successfully managed thousands of deals using this exact same strategy that we're about to discuss today with you.

Jack: Exactly. Wonderful! So, it's the Land Profit Generator. Now, behind it sits a philosophy that really permeates everything we do in the real estate world, almost everything we do. In the real estate world, we have become known as experts in the area of tax delinquent real estate investing. But, done with a twist! And here's the thing, normally under tax delinquent property investing, what



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people understand is, buying tax liens or buying properties at a tax deed option. And, if you don't know what it is, I'll spend about 30 seconds on there just quickly. In the United States, if somebody doesn't pay... Every single piece of property has a real... has property taxes on it.

And, in the United States, if somebody doesn't pay those property taxes, they're doing an annual basis. So, if you have a house, you have to pay property taxes. A condo has property taxes. Land has property taxes. Industrial, commercial property... All of it has property taxes. So if somebody doesn't pay those property taxes, what happen is the government ultimately, literally takes those properties away from that person. So, they do that in one of two ways. Either, they issue a lien against that property in the amount of outstanding taxes or they just plainly sell the property at an auction. Now, when we first learned that, we were pretty much amazed by that because both of our home countries... As you know, you've probably heard in the prior podcast, we introduced ourselves as... Me, I'm originally from Germany. Michelle is originally from...

Michelle: From Honduras.

Jack: ...Honduras, Central America. So, such a thing does just plainly not exist. So, after learning about it, and dabbling with it, and playing with it, we realized that while this is amazing... While, it's absolutely amazing that you could buy tax liens, basically one year's worth of property taxes at a tax lien auction for \$1,000, \$2,000 for a \$100,000 property. And, by the next two years, you buy two, three years' worth of property taxes foreclosed on that thing, and perhaps \$6,000, \$7,000, \$8,000, you'll own a property that's worth \$100,000. It's absolutely mind-blowing. At the same time, you'll realize that... Or, at the same thing, in the tax deed world, there's a \$100,000 all property with \$15,000 in back taxes coming out for auction. And, if nobody else bids, you can buy this thing for \$15,000. So, while we understood the concept that people let the properties go for back taxes, we really realize that while this is an absolute cool concept, there were some problems with it.



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And the problem number one is that, if you buy a tax lien, you actually have to wait a few years before you can foreclose in it. And, if you buy a tax lien or tax deed property, there's often a lot of competition at these options, which means that in normal circumstances, that example where there's a \$100,000 property with \$15,000 property taxes comes up for auction, bidding starts at \$15,000, it ends up going to \$80,000 or \$90,000. So while we like that idea, in reality, we saw that there's competition and waiting time problems. But then, we realize that there's a way around this. And, this way around is a way that basically asks the question of "Why wait?" And, the question is basically... We came to the conclusion after sending some letters and talking to some people who's in direct mail that we could go directly to the owners of those properties.

So, instead of going to the auction and figuring out how to get a deal there, we basically said... Ask yourself, "Couldn't we just go around the auction?" "Couldn't we just go to the people that owe this property taxes before they come out for the auction?" and ask them if they want to sell the property to us. And, if they truly don't want these properties anymore, which in many cases is the case. Every year, there is \$5 billion of properties going to tax sale. So, \$5 billion... Billion with a "B." So, there's a tremendous market for that out there. There's millions of properties where the owners don't pay property taxes every year. So, if they don't want this piece anymore, couldn't we go and ask them if they want to sell it to us? And if they truly don't want them, wouldn't they be willing to give those properties to us for just a token payment? For a small payment? And the answer that we found was, "Yes!"

Michelle: It was a resounding yes.

Jack: It was a resounding yes, literally. We sent out our first 400 letters. So, we got 40 people to call us back wanting to sell us the property. But, something interesting happened. We got phone call after phone call initially from people that had land for sale. Now, let's go back in time. I'm from Germany. Michelle is from Honduras. Neither of us has a real estate background. We didn't really have a clue about what to do with land in those things. But, we bought the first deal



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because we could get it for \$400. It's a nice lot sitting between two houses, an infill lot between two houses in a small town in Arizona where we live. And we... Literally, I drove up there and put the sign on the property saying "For sale by owner." After we had paid \$400 for this property, free and clear, no mortgage, the neighbor from across the street came over. And within five minutes discussing, he had agreed to buy it for \$4000.

Michelle: They've even invited us for dinner right at their outdoor kitchen that they have up there in Snowflake or somewhere out there in Arizona.

Jack: Yes, Snowflake, Arizona. He was so happy that he actually invited us for dinner. Exactly! So based on that side of story, I was like, "Wow! Okay. So, flipping land doesn't sound so complicated." So then, the next deal happened. We bought 40 acres for \$500. Again, this is not in the middle of a city. This is out more rural. And, we sold this one online in 10 days on eBay for \$9,500 and we've made \$9,000 all profit. And all of a sudden, we're off to the races and soon enough, we realized that land is an absolute wonderful asset class because of the following reasons. So perhaps, you want to go quickly through the reasons.

Michelle: Yeah! And basically with land, you don't have to worry about tenants. You don't have to worry about toilets. And, you don't have to worry about termites.

Jack: Well. Let me jump in. There's actually...

Michelle: Which, after trying and dabbling in other kinds of real estate, and looking and driving around here in the city of Phoenix as junkers, and going into junkers that looked... Oh my God! Like, how could anyone ever live there? Believe me! The land looked really, really nice.

Jack: Right! And, as a matter of fact... So, no tenants, toilets, and termites. And, it sounds funny perhaps... But at the end of the day, if you think about it, it's a big, big advantage because you don't have... There's nobody that lives there. There is nobody that can trash your property. There is nobody... And yes, termites do live there. But, you know what? That's their natural habitat.



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Michelle: Yeah. You don't have to really write a check to fix it, and then bag a home, and try to get rid of them. Those are bed bugs!

Jack: And, there's no mold and there's no foundation process. As a matter of fact, back when we started, we would even have known how to fix any of those things.

Michelle: Yeah.

Jack: So, it has worked great for us, because when you flip land, you don't have to know about the things around you. You don't need to know what this stuff is even called.

Michelle: Especially here in Arizona. I mean, construction is so completely different than what it is back home. We're 35 minutes away from the ocean. So, the construction is concrete block. It's basically hurricane-proof type of construction, and this is just so different. I would have not been able to estimate repairs on the kitchen, or in a house, or moving walls, or getting rid of walls at all in the beginning when we started.

Jack: Yeah. Exactly. But with land, that problem wasn't there. Also, another advantage is that land... There's really no competition in land because, if you watch... I mean, if you talk to any other real estate investor... You go to a local Real Estate Investors Association, everyone is into houses. Barely, anyone is into land, and that's because there are myths around land. Like, myth number one is that land only costs you money. Land doesn't cash flow. Land is expensive. Land is risky. Land... All of those different things. And you know what? That's true for the downtown...

Michelle: Or that land doesn't work here. Or they... Yeah.

Jack: Or that land doesn't work here. But, that's true that land is expensive... In downtown Manhattan, in downtown Miami, in downtown...



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Michelle: Chicago.

Jack: Chicago. You name it. Even in mid-sized cities, downtown land with the skyscrapers, or land in the exclusive Beverly Hills-like areas, it's very expensive. But, when you focus on land... In the outskirts of big cities, or infill lots in smaller towns, or large acreage in...

Michelle: More rural areas.

Jack: ...a couple of hours in more rural areas, a couple of hours from the main cities. The land does not have to be expensive anymore. Yet at the same time, land is still very attractive. Because, if you buy a piece of land in the path of growth... Let's say, two miles outside of the city but the city is where to go... growing in that direction, wouldn't that be a great investment? Absolutely! You hold on to that land for 10 or 20 years. So, that's worth 10 or 20 times of what you bought it for. And so, if you know what you go after, land can be an absolute tremendous asset. And on top of it, when you do it right, you can actually make land cash flow.

Michelle: Yeah. That's exactly what I was going to say. If you're a cash flow investor and you're thinking, "There's no way I can make land cash flow," it all depends on how you design the sale. And, if you offer seller financing, you can absolutely make a cash flow and you can create notes of 5, 10, 15, 20 years.

Jack: Absolutely! So, we'll talk about that in a little bit, but more on how to structure your sale in such that you can get cash flow without any tenants, without any termites and without any toilets. All right. So, back in time now. So, we did this first deal and soon enough, we realized that we love land. We love land for all the mention reason. We don't have to know anything about houses. And soon enough afterwards, we realized that we don't even have to go see our land because... Thanks to Uncle Google, as I would say. Thanks to Google, and Google Earth, and Google maps. Nowadays, you can find out through Google the street you're at. And as I said, with Google earth, you can find out everything you want about that piece of property.



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Michelle: Photography. Everything.

Jack: With photography, you can find what trees are growing on there. You can see if anyone has put over a building pad on it. You can find out anything you want without having to leave the comfort of your house. Now, if you do that with houses, it's possible, but it's much more complicated. Because in a house, somebody still needs to go inside the house and estimate repairs. Somebody still needs to see if that thing has even walls, or if the kitchen is updated or outdated, or all these different things. In land, there is no kitchen. There is none of these things. So therefore, it is a really simple thing to analyze. And at the end of the day, if the price is right, you can buy it. And, the other part that we realized is that, there's a ready and waiting market of buyers, millions of buyers, ready to buy these pieces of properties if the price is right and the conditions are right.

Michelle: And, something that's also worth mentioning that we realized really early on is that... If we looked at land that was under a \$100,000, we could get that land for up to 95% discounted price worth of the property. And, for properties that were worth over a \$100,000, we could get up to 40% or even 60% discount on those properties basically from motivated sellers.

Jack: Absolutely! Literally, we just have a property under contract right now that is worth \$35,000, and we're literally paying \$1,300 for that property. \$1,300 there... There's some back taxes in addition also, because as I said, we're going after a property that have back taxes but not at the auction. We go directly to the owners. And, with the letter that has very high response rates... We'll talk about that all in a second. But, there's a property where we end up paying just a little over \$1,300. At the same time, we're having a \$500,000 property that we just bought last week for under \$200,000. So, you find the big half a million dollar property for \$.40, \$.50 in a dollar, and the \$35,000, \$50,000 properties, you literally can buy them for around \$.10 to \$.25 on a dollar. Now, when you buy a property for \$.10 to \$.25 on a dollar, what's the worst case scenario that happens? Worst case is, you make money even if you have to wholesale and make it \$.40 or \$.50 on a dollar. So, the worst case scenario is you make your



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money back plus some profit. And, the normal scenario is you make a good profit. And, the great scenario or the best case scenario is you make an absolute killing. Right now, obviously, you got to follow the rules. And, that's why we got to lay out the rules right now, here, within the next few minutes.

Michelle: So, how does it work? So, many owners don't want their properties anymore. And, they don't want to keep on putting any more money either. Maybe, they decided when they were younger that they were going to buy two pieces of land - one in Florida, one in Arizona, as an example. And then, they're moving to Florida and their Arizona properties. And, just at some point, in terms of... property taxes becomes a burden, or there is a divorce, or the owners passed away, or the Arizona one lives in some other state. They just basically don't want the property and they just want to get rid of the property.

Jack: Now, may I jump in here for just a second? The key part here is... A lot of people think when they hear property taxes and people don't pay their property taxes, they think we're dealing with junk land. But, did any of the reasons that Michelle had really pointed out here...? The reasons you mentioned right now, none of them had anything to do with the quality of the property.

Michelle: Yeah. Yeah.

Jack: As a matter of fact, if somebody buys a property in Arkansas and one in Michigan, and they decide to stay in Michigan to stay close with their family, but they had planned to build their retirement on that house in Arkansas or Alabama or Florida or wherever it is, you name it, then, isn't that, by definition a great lot? Because, if somebody wanted to buy a beautiful home on there, they wouldn't buy that on a job built on a junk lot. But, they would want to do that on a very pretty property. So as a result, we're dealing mostly with pretty properties and not with junk here. As a matter of fact, we do not touch junk. We want to stay away from junk. And, every one of our deals... And, we have done over 3,000 deals like that, has been with quality properties.



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Michelle: So, property owners are willing to walk away from their properties for almost zero, and in some cases zero.

Jack: Because, even if they lose it at a tax sale, they're going to get nothing for it.

Michelle: Yeah.

Jack: I mean, they have made up their mind and they have that peace with letting it go to tax sale and walking away from that with zero, getting zero in return.

Michelle: And, that's exactly what has happened. They've basically made up their mind. They don't want the property anymore. They had stopped paying their property taxes, and they let go of the property to tax foreclosure. And, this is not because the property is junk, but because they don't want their property from many other reasons anymore. And so, that was a breakthrough for us in terms of like, "What? We can get all this properties for 25% discount?" And...

Jack: It's not 25% discount. It's 25% on the dollar.

Michelle: On the dollar. And so... And, considering that when we started, we had in savings \$3,000 to our name. That just sounded fabulous. It was so great!

Jack: Right! Literally, it was only the way real estate was working for us. Because, just weeks before we stumbled into that and figured this out, we had wanted to go down the traditional real estate route. We had...

Michelle: With homes.

Jack: ...basically driven the neighborhood of our hometown where we live in Phoenix, Arizona, and had found a...

Jack: Triplex.

Michelle: Triplex. Yeah.



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Jack: Those were three little houses that were not in a good area of the town.

Michelle: It was a junker.

Jack: It was. Yeah, it's what called in real estate a junker or a rehab property basically. And, we put it under contract for \$45,000. We thought it was worth about \$75,000 or \$80,000. And, we basically put it out in the market with just markup of like \$5,000 or \$7,000. I don't remember the exact number anymore. But, we put an ad out there in the newspaper for it, and we got 26 phone calls, and not a single person wanted to buy it. Now, the numbers make sense. But apparently... To us, they make sense. But really... Apparently, it was... Something was wrong. To this day, I don't know what's wrong. I think what's wrong was... We got the wrong location, the wrong kind of houses and the wrong neighborhood which is location. So as a result, nobody picked the thing up. So, we canceled the thing because the next step would have been... If we're really were serious about this, it would have been to buy them, rehab them ourselves, and then flip them ourselves. And...

Michelle: That meant going out there and getting hard money loan, and hope that we would be able to rehab it with zero knowledge in how to rehab, and then sell at a profit. And, that was just... To me, it was... I'm conservative by nature. It was just terrifying!

Jack: It was terrifying to me too! So, we did the next logical thing. We freaked out and we backed out of the deal, right? So, that's how it all started. But then, once we found land and tax delinquent land... And, the way I explained it earlier is that... We sent out these letters to people that didn't pay their property taxes that, in our minds, had already made up their mind or that we hoped they had already made up their minds to not want these properties anymore. And, reality has shown that that is exactly what happened. These guys are ready to let it go for nothing. And by us paying them, perhaps \$400 and then \$500 for those first few deals, they were more than happy because it was \$400 and \$500 more than they would have gotten if they would have let the property go all the way to tax sale.



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And, we did it without any competition because that's other part about not just land, but tax delinquent land.

Michelle: Yeah.

Jack: If there is little competition in land, there is even less in tax delinquent real estate for that matter because nobody knows that properties are tax delinquent. Nobody knows. There is no government list that says, "Hey! All these people stopped paying property taxes last week." No! The only list that exists is the list of the people, of the properties that come up for tax lien options, and the list of the properties that come up for tax deed auction where the actual property is being sold.

Michelle: Yeah. So fastest, it has meant that we were able to pick up parcels for \$0.05 to \$0.25 on the dollar. And this was directly from the owners, without having to wait for the auction, without dealing with competition, without having to wait years. And most importantly, for me... I mean, it meant almost no risk, no banks, no private lenders, no dealing with contractors, no dealing with tenants, no dealing with appraisers, with inspectors. I mean, it was just so incredibly simple. You just go, find a list of properties, contact those sellers, and talk to the sellers which... We have a very funny story about the sellers contacting. I was actually terrified of taking those phone calls in the very beginning. And let me tell you, what was so fearful at the beginning, breaking my biggest and greatest strength later on in negotiating basically properties, with prices, with sellers... So, it's just... We just don't know how that works.

Jack: Yeah! We were talking about 2003 in here where Michelle and I have gotten started. I still have a job. I was able to... To answer this, I was able to quit my job in 10 months, and we're both been able to basically quit our jobs within 10 months of doing this. And within 18 months, we're worth \$1 million. We were officially millionaires. But the first few deals, literally when that phone rang, we were freaking out. We were throwing our cell phones from one to the other. It's like, "You pick up. I don't want to pick up."



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Michelle: Like a hot potato. Yeah.

Jack: Yeah, like a hot potato from one to the other, because none of were comfortable with it yet. So, what we want to express to you is just that. When you start real estate, it's normal to be scared. What I would recommend for you to do... Before we move on in going to more details of how this actually works, what I would recommend for you to do is to focus on something that you can wrap your brain around. So if you're a total beginner, then may I say so that buying a 150-unit apartment complex might not be the smartest thing to do.

Because, there's so many different factors, so many different things, analysis and the financial part is complicated. And the loan part, and the rehab part, and the management part, and so on. But, if you focus on something very, very simple... Like in our case, we didn't know anything about houses. But by focusing on land, land that we could look at, we could drive to, that we could look at it through Google Earth, that we could buy for \$0.10 on the dollar and sell for \$0.30 on the dollar and triple our money... Or, literally buy for \$0.05 on the dollar and sell for \$0.50 on the dollar and take our money back home ten times... That was something we could do because there is no mortgage involved. There is no bank involved. There is no rehab involved. There is none of these things.

Michelle: And, it is not that a multi-family is dangerous. No, it really isn't, and it isn't complex either. What is dangerous or who was dangerous back then were us. We were a danger to ourselves because we didn't know enough about that particular type of real estate.

Jack: Right. Yeah. Now, we're in the process. Now, we have rental houses. Now, we have here in the process of building some commercial real estate. Now, we're looking for 150-unit apartment complex to buy for ourselves. But, our comfort level in the investing world, our sophistication, our understanding has grown so much. So if you're already there, great! Go for that! If you're there and you're looking for simplicity, land sounds good. And, if you're a beginner, then consider doing what we are going to share with you right now. So, the next step is... So



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now, we understand basically that people wanted to go to these auctions. People don't pay those properties anymore. By going around the auction...

Michelle: Property taxes. Yeah.

Jack: Property taxes anymore... By going around the auction, we're in a non-competitive environment, an environment where people just wanted to get rid of their properties and we can realize tremendous, tremendous discounts. Now, how do we find these properties in the first place? Well, number one, we got to get a list. We got a list of people who haven't paid their property taxes anymore. That list typically is called a "Delinquent Tax Roll," and the county has that. Now, you can go to the county and ask them that you want to get a copy of the delinquent tax roll. They sometimes don't know exactly what you're talking about. But, if you talk to the treasurer himself or to somebody, to the main go-to person in the treasurer's tax collector's office, they will usually be able to help you with that.

Michelle: And, that is either something that they'll be able to process for you, or they'll refer you to their information or whoever takes care of their database and accounting.

Jack: The Information Technology Department. Yes! They'll refer you to the IT department, and then the IT department, they'll give you... They can get you that list. Now, that usually costs a little money, but it's not a bank-breaker. It costs anywhere between \$50 and \$350 usually. There's some counties that go charge outrageous amounts. But, most of them charge between \$50 and \$200, \$350. Like, I right now work with some students in our coaching program that paid \$35 for a list, \$100 for a list, \$150 for a list. So, it's very consistently in that amount. And now, once you have the list, what you do is within that list, you need to now identify... Number one, who has land? Number two, which are the ones? What is the value of the land that you want to go after? Because, we said earlier that we don't want to focus on junk.



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So, one of the key things you want to do is you want to eliminate the junk. But, you also want to eliminate the properties that are very unlikely to come your way. And, the junk is... Think about that. If a property is delinquent for five years with always \$43 in back taxes, chances are, it's not worth a whole lot. Because, the amount of property taxes is always the percentage of the values. It's like 1% or 2%. So, over four years or five years with back taxes and with interest and penalties, and the back tax is only \$43? It's a piece of junk! It's like the property is only worth \$50 bucks. So therefore, you want to eliminate those.

As a matter of fact, you want to eliminate all of those, all the way up to probably at least \$5,000 to \$10,000. But then also, the properties that are worth \$1 million, they're... Let me tell you, I have never picked up a property that's worth \$1 million. Now, one of my students has picked up a property in Michigan with access to Lake Michigan that's worth up to \$1 million for \$3,700. But, that's more like a treasure hunt, a once-in-a-lifetime kind of things. I can't promise that happening to you. But, if you take properties that's worth over \$100,000 and eliminate those, you now have the sweet spot.

Michelle: Yeah. And, not just the sweet spot. But basically, something that you can really build a business on, that can be replicated, that is not just the "one deal here and there" once a quarter that kind of entertains you. But, something that actually sustains you.

Jack: Right! Exactly. Something that you can count on. Enough of them coming into the door. Enough of them coming to you that you'll make \$5,000 to \$10,000 profits on each of them, and the occasional \$20,000 or \$40,000 profit on some of them. But, you can make a very, very good living of them on an ongoing basis and without ever having to wait in between like, "Oh my God! There's nothing coming." Right! So, now that you have that, you filter it down by a few more characteristics or by few more criteria. And then, the next point is you actually go and send out some letters. Now, we have tested a lot of different letters over the 3000+ deals that we have done since the end of 2002. And, we have come to the conclusion that a very simple letter notifying the person that either they owe



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property taxes or that they just own the property and asking them to call you is one that performs the best.

Now, there are some key phrases in that letter that you want to have like, that you're willing to pay cash for the property and so on. And, we tested several key phrases in there. But, it's a very simple letter that we send out. That letter basically gets us an average of over 10% response rate from the actual sellers. So, if we send out 500 letters, we got over 50 phone calls back from these sellers. So, this is great because this is not a cold call or anything like that. This is not door knocking. This is people that read your letter. They want to sell the property and they're calling you.

All right. So now, when they call you, you go to... We have a call script that we ask them through. We'll be asking a bunch of questions about their property like how many properties they have. We ask them where the property is, which county is it located in. Then, we ask about the property. Like for example, "Does it have road access?" "Does it have utilities to it?" "Does it have water, sewer and septic?" "How big is it?" And, all a bunch of questions. It's a total of 16 questions that we ask to the seller. And at the end, the last question to the seller is... Well, the magic question. The question is, "How much do you want for the property?" And, what we really look listening out to when that happens is, we're listening out to the signs that they don't want their property anymore.

Michelle: Yeah.

Jack: There are some people that call... Obviously, even though they want to keep their property, they just call to see how much you want to offer. And, there are typically people that sound something like that. They sound like, "Hey! Yeah. I'm calling..." They answer your questions but then they say like, "Well, I want \$1 million for my property. Don't you dare offer me less than that."

Michelle: Or they'll say, "Well. You're the one that sent me the mail. And, you're the one that wants my piece of land. You give me an offer. You make me an offer."



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Jack: Right.

Michelle: And so...

Jack: So, in those cases, if they clearly identify themselves as somebody that wants \$1 million for their property, then we sometimes don't even make him an offer. But, many of them, almost half of them will say, "Well. You know what? I don't know. I haven't seen the property for 40 years." "I haven't seen it for 20 years." "I got it from my Dad," and so on and so forth. And, those are the ones that you want to definitely make an offer on because those are the ones that I basically indicated. Yeah, there's a good chance that they stopped paying the property taxes because they just don't want these properties anymore. And then, the next step afterwards is you make them the offer. So, we send them the offer. Wait, you first need to do property analysis. So, you're...

Michelle: You'll do a bit of researching in the county.

Jack: You do a little bit of research on the property. Find out its rough value.

Michelle: Now, everything is online. There's nothing complicated.

Jack: Exactly! Nowadays, you do all of that online. So for example, when you do that online research, what you do is you go to websites like... Again, Google.com. You go to websites like Realtor.com and you look for properties in that same area and see what they're selling for. And, that gives you evaluation estimate of the properties. Then, you'll offer your money. And again, you offer between \$0.05 and \$0.25 on the dollar, and then you accept the deal. And then literally, it isn't much. I mean, there's more details behind it that goes beyond what we can share in this podcast. Right now, we'll have additional podcasts where we're going to individual pieces of this process. Like, an entire podcast session only on "How to Do Analysis?" An entire podcast session only on "How to Make a Good Offer?" and so on. But, this is an overview. It isn't much more complicated than that. And then, they'll accept your offer and then you turn around and you sell them. And when you sell them... The key to selling is really one of two things. It's



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number one - making a great offer, an irresistible offer. And number two - doing it such while making an offer. It's either price or affordability.

Michelle: Uh-huh.

Jack: Those are the two things.

Michelle: Yeah. And so, in affordability... And, that's where the 'land doesn't cash flow' thing kicks in and we're in our complete concerns and we say, "No! We can make land cash flow." And, that's where you can really structure the sales such that you offer seller financing. And, all of a sudden, you're not looking for that person that has \$30 grand in the bank who'll go ahead and just write you a check and have a cash transaction. But, you're all of a sudden looking for the guys that maybe have a \$1,000, \$500 bucks, \$2,000 in the bank, and can give you a down payment and can start making payments of \$150, \$200, \$300, \$500. It just depends on where you're at in that price range on a property that you're selling. And, even you have a \$300 monthly payment or \$500, it might not sound like much. But all of a sudden, if you have 10, 20, 30, 40, 50 properties where you're getting paid anywhere between \$200 and \$500 every month, let me tell you, going to the post box becomes... instead of a drag, it's a happy day. Everyday, we walk to the P.O. Box now for our office and it's great because it's full of checks!

Jack: Right! And here's the thing, when we're talking about seller financing... If you know what seller financing means, it's basically when you allow somebody to put a down payment on the property and pay it in installment. So, instead of them taking... You have a property for sale, let's say, that you bought for \$3,000 and you're selling it for \$30,000. So, instead of asking the world to pay you \$30,000, you're asking the buyer to pay you a \$3,000 down payment, and then make monthly payments of \$350 for the next 10 years. And then, pay this thing off over time, just like most people pay their car over time. It's exactly the same thing. Now, when you do that, something happens. Number one in this scenario... And, you charge \$3,000 for a property that you paid \$3,000 down payment. So, for a property that you paid \$3,000 for, you have all the money



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back when you sell it. Then, you have all the money back in your pocket when you sell the property.

Michelle: That can happen anywhere between 30, 60, 90 days. I mean, at most.

Jack: Yeah. It happens either... Sometimes, it happens right at closing.

Michelle: Yeah.

Jack: Sometimes, it happens... In this scenario, it happens right at closing. That's in the example that I just gave. So... And then, afterwards, every single payment that you receive is profit. And as Michelle said, \$350 doesn't sound like that much, or \$250, or \$350. In this example, \$350. But, what if you have 10 deals? If you do 10 deals a year like that, and \$350 comes in for 10 years every single month. While on every single deal, after 10 deals in one year, you have \$3,500 coming in. After two years, you have \$7,000 coming in. And after three years, you have \$10,500 a month coming in. And every single time, when you sold the property, you got all the money that you spent buying the property right back again. Now, would that be cool? Now, all this \$10,000 a month, \$10,500 a month is pure profit in your pocket. And, that's just with 10 deals a year.

And just to give you a frame of reference, in our first year, while having full-time jobs, we did 63 deals in our very first year. So, everyone could do a deal a month and do it like that with seller financing or two deals a month. It's absolutely no problem! Now, the other thing that comes in and why this is such a good way of selling is because banks don't lend on land. Banks might lend on... Donald Trump might lend some money on land because he has a 30, 40 years of track record of building billion-dollar profitable buildings and so on. But, they don't lend the average person money on land. Not in this environment. Not since the Big Crash in 2008. Banks have gone away from land, and they don't even lend on land to a lot of experienced builders. The builders out there had to go out and buy land cash. And, they get construction financing, but they don't get land financing.



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Therefore, when somebody does not have the money to pay this \$30,000 piece of land that you're selling... If they don't have \$30,000, they are shut out of the market. But, if you are offering... When you offer seller financing, you are now opening the market and you're allowing these guys into the market. And, let me ask you, are there more people out there having \$30,000 in the bank? Or, there are more people out there having \$3,000 in the bank and the ability to make \$300 or \$350 a month of payments? And, the answer is very obvious. There's more people with \$3,000 in the bank and having the ability to make those extra payments. And, that's where the power of cash flow comes in. When you sell these properties with seller financing, not only does it get much more profitable for you, but also, the sale happens much faster. You can sell these properties very quickly to high prices with a high interest rate and a tremendous, tremendous cash flow. The other alternative on how to sell this is therefore, obviously...

Michelle: Cash.

Jack: ...cash. And, when you sell for cash and if you want to sell very quickly, you got to sell for a wholesale price. So, that's what I said, it's either price or affordability. We talked about affordability through the seller financing. Just like most people want to buy a car, they don't have \$50,000 for a new Mercedes but they have \$10,000 down and the ability to pay for a lease. And, it's the exact same thing here. The other option is go buy these properties for \$0.10 in a dollar and sell them wholesale. Like, it happens in the housing world all day long. You buy something for \$50,000 and flip it somebody for \$60,000. You do the exact same thing here, only that you buy it for \$2 and you sell it for \$12 because it's worth \$25. Or, in the case of the property that's worth \$30, you buy it perhaps for \$3, and then you sell it for \$15. You make a \$12,000 profit, putting \$15,000 in for the next guy to profit. And overall, this is how it works! Now, this sounds simple, doesn't it?

Michelle: Yeah. Absolutely!



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Jack: It sounds simple. It sounds simple because it is simple. Because, all you're really dealing with is somebody who has a property for sale, a piece of land for sale, you and the buyer. And, when you buy these properties, these under \$50,000, under \$80,000 properties, if you buy them for \$0.05 to \$0.25 in the dollar, in many cases, you're only paying \$1,000. We have bought properties for \$51. We have gotten properties for free, right?

Michelle: Yeah. And, it's been amazing! But, you're...

Jack: Yeah, we're continuing into doing deals every single year. And, the beautiful thing is that when you basically pay properties with your pocket change, you don't have to worry about anything else.

Michelle: Making a mistake or whether your offer was the right one or not. Or, did I overpay? Because, it is such little money that it's not going to break the bank. I mean, at this point, when you are offering seller financing, you have, in fact, become the bank.

Jack: Right!

Michelle: So...

Jack: Instead of going to the bank, you become the bank when you sell these properties like that.

Michelle: Yeah. And if in any case, you would have any need, short-term for liquidity, for a large amount of cash... If you built a very nice portfolio of notes of people that are paying you on terms, you can always sell those notes on a secondary market just like a bank would go and sell mortgages in the secondary market. And, you can do the same and you can be completely cashed out of the note. So, it's so...

Jack: So, you can sell the mortgage that you now hold where you are the bank. You can sell that to somebody else, and therefore get cash out and get a lump sum of



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cash for that too whenever you need it. And, that's another cool way of doing this.

Michelle: Yeah.

Jack: All right. So, when we learned that, we put the pedal to the metal. Initially, we started with \$3,500. We realized our first deal made us \$4,000. The next deal made us \$9,000. And then, we... Soon enough, we had enough cash. We paid off the things that we owed. One car we paid off. We paid off our furniture that was paid in monthly installments. We paid off a lot of student debt and all this kind of thing. And, we started piling up savings. And then, in October 2013, only 10 months into this, we're able to quit our jobs. And eight months later, we were officially millionaires. Now initially, we did mainly wholesale deals because we needed the cash right there. We bought them \$4,000, sold them for \$5,000. We bought them for \$2,000, sold them for \$12,000.

Michelle: Every single dollar really needed to go back and be reinvested into the business to be able to go and acquire more inventory.

Jack: And, to pay off debt and things like that. We lowered our cost of living. But then, soon enough, as soon as we came across the seller financing, we starting building that up. And, over a couple of years, over three or so years... And so, we built it up to over \$75,000 a month. Now, I'm not saying you need to do this. But, I'm telling you the power of these small payments...

Michelle: It's possible.

Jack: ...can absolutely add up. So with that, thank you very much for listening to this podcast. We're excited and as a reminder again, if you could go and leave us a review under the podcast. Ideally, the better in this case, five stars is the best that you can give. I would love many of five-star reviews. Go and leave it right here at iTunes or somewhere you can do that. We love that. That gives us a boost. The more reviews we have, the faster we can spread the word about this, and we would love to spread the word about this massively. Also remember, go



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to www.ForeverCashFreedom.com to claim your free gift just as a "Thank you" for listening to this podcast.

Michelle: Thank you very much! Like Jack have already said, thank you for listening! It has been our pleasure. And again, I want to end this podcast by saying, "We can either be spectators, participants or creators in this life." And so, I'm excited and thrilled that you are listening and that you have decided to become our creator of your financial freedom and financial independence.

Jack: Bye-bye.

Outro: Thanks for listening to the Forever Cash Freedom Podcast. Subscribe now for future content-packed episodes on how to push the ejector seat on your financial hamster wheel, and discover our radical way to freedom and wealth through cutting-edge real estate investing strategies. To learn more about living the "Forever Cash" lifestyle, investing smartly and becoming financially free, visit www.ForeverCashFreedom.com to claim your free "Forever Cash" Starter Kit today!



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