

TAX DELINQUENT PROPERTY -- DESIRABILITY MATRIX

There are only a few questions to ask yourself in order to determine which properties you should be trying to work on.

- 1 Rank the type of property that you want to work on the most.
- 2 Then rank the geographic areas by desirability.
- 3 Choose properties based on your determination of what it is smart to work on, mostly based on resale value and property desirability.

Property Desirability Categories

- A** Property that is perfect for you
- B** Property that seems good for you but is second tier.
- C** Property that seems interesting but do not fit your profile.
- D** Property that does not fit your desirability profile. This is property that you do not want and should not spend time researching.

Property Availability Categories

- 1** Property that you want and have a likelihood of getting.
- 2** Properties that you want but have a small likelihood of getting.
- 3** Properties that are appealing and probably available. You will be tempted to spend time on them but you shouldn't.
- 4** Properties that you definitely don't want and should not spend time on, but they will probably be the most available to you.

Your objective is to work on obtaining or controlling properties in category A -1 or to get as close as you can. Anything less and you are being less efficient and potentially less profitable.

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EXAMPLE #1:

Let's say that you are a beginning investor and you want to play it as safe as you can.

DESIRABILITY Levels

Perfect = Your best play is to try to find vacant, buildable lots in a developed subdivision or a Single Family Home.

These are considered to be home runs because you can get them so inexpensively and they can be resold fairly quickly.

2nd Tier = Buildable lot in the path of progress or on the water, significant acreage or a well located small commercial building.

Finding these are a real gems. They are harder to resell but the payoffs are large compared to your investment and they are safe.

Shouldn't = A large commercial property needing lots of work.

To take a large, abandoned inner city building and turn it around can seem like a challenge worthy of your Messiah complex but these kind of buildings or projects can easily make you go broke.

Bad = A gas station with significant environmental issues.

If you are looking for a headache, a money pit and seeking to be on the bad side of government, then an environmentally contaminated property will make you very happy.

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AVAILABILITY OF PROPERTY

		<i>Want and Can Get</i> 1	<i>Want But Hard to Get</i> 2	<i>Available But Shouldn't</i> 3	<i>Most Available But Don't Want</i> 4
D E S	Perfect A	Lots in subdivision, SFH	Boat Slips, Golf Course Lots, Lake front	Speculation	
I R A	2nd Tier B	Ghetto properties in very hot markets	Acreage, Small Comm Multi Family	Mid size Commercial, Rural Lots	Landlocked, No market
B I L	Shouldn't C	Lots needing variances, Ghetto RE in a slow market	Large subdivision	Large Commercial, Ghetto Lots	SFH needing lots of work
I T Y	Bad D	Anything I haven't seen, Property that is too costly		Little Strips of Land, Landlocked, Wetlands	Gas Station w Issues

TAX DELINQUENT PROPERTY -- DESIRABILITY MATRIX**EXAMPLE #2:****The Situation:**

Let's say that you are a seasoned investor, and you are seeking situations that will provide profits in your particular area of expertise, i.e. you are a land excavator or you know of one (the Yellow Pages have a lot of them).

The tax delinquent property is a gas station with environmental issues where a leaking gas tank is in violation of the Leaky Underground Storage Tank, LUST, law. The gasoline has leaked through the tank and through the land, maybe onto the neighbors land.

The Idea:

Well, an excavator digs up land for a living. He is not afraid of this cost. Digging is his hot button. In fact, the excavator is seeking properties where his digging ability is the very thing that makes the investment property valuable to him.

The Goal:

In this scenario, the gas station with environmental issues is transformed from being a very bad D – 4 Desirability rating and it becomes an A – 1 property. It is a Most Desirable property and the very type of property that you Can Get and Want, i.e. an A -- 1. It is a winner, to you!

The Plan:

You can offer \$100 to the owner and he will jump at giving you the deed because his liability is so very significant. Or, at the very least, you will be able to Option the property for \$1 and then resell it to an excavator for a tidy profit and a piece of the end project. The Option method is preferred.

This is the ultimate real estate investing plan -- to take \$1 and make a lot of money -- by taking lemons and making lemonade.

Only in America!