TAX DELINQUENT PROPERTY

USERS MANUAL

CONCEPTS – FORMULAS - IDEAS – TECHNIQUES

What to do and how to do it when investing in tax delinquent properties.

by Mitchell Goldstein
www.CoachMitch.com
518-439-6100 until midnight EST

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INTRODUCTION

This manual is designed to be a primer for the beginning tax deed investor and for the beginning tax lien certificate investor. Users should get professional advice before implementing any strategy or tactic read in this manual. Coach Mitch is not an attorney and competent legal advice must be obtained prior to any action.

Safe Investment

Basic strategies and tactics will be outlined and discussed. You should follow the tactics as outlined. If you do, then there is every reason to expect that you should make significant returns. With the proper due diligence, real estate, and associated vehicles are very safe methods of investing,

Very Probable High ROR But Not Guaranteed

Many gurus state that tax lien certificates are "Government Guaranteed." This is not true! There is no government guarantee that you will receive the interest that you bid on. There are statues, labeled by marketers as the "guarantee," that the government will allow you to perform the due process necessary in order to claim the property or do a formal judicial foreclosure should the tax delinquent not pay the taxes. This is hardly a "guarantee" of a return of your monies and the return that you are due.

Each state mandates an interest rate that can be charged against a tax delinquent property. However, there is no guarantee that the tax delinquent property owner will ever pay the taxes owned, nor the interest. Further, there is no "guarantee" that, having received the property, and selling it, that you will recover your investment.

Great Deal If Due Diligence Done

While not a guarantee, but, if after having done a modicum of research on the property, and you still desire to invest in that property, then acquiring the deed to the property for the price of the taxes or close to that amount should mean that you will be delighted with the transaction. It would be the equivalent of buying property for "Pennies on the Dollar."

Choose Properties Carefully

The impression given by the guru's is that any property will give you the guaranteed return. This is blatantly false! You should restrict your investments to those properties that you would like to own and that it is smart to own. While is very important to check into any investment before putting out monies, performing your due diligence is absolutely critical when investing in tax delinquent property.

Don't Get A "Pig In A Poke"

For example, how would you feel if you were to pay the taxes on land that could not be resold because it is not usable? Now you own the land and further, you owe the future taxes; you are responsible if someone falls and hurts themselves, etc. You have all the responsibilities but none of the benefits. At tax sales, you will find that a high percentage of vacant land is not usable. It may be landlocked, a thin strip 10' x 100', in a good location but too small to develop, it may be a ravine, contaminated, etc.

Don't Be Afraid

A significant percentage of tax delinquent property is a good, solid investment. It can and should earn you handsome returns that are much higher than the average investment. A little known fact is that a great many of the tax delinquent properties are free and clear of any liens and the owners are happy to be rid of a problem property.

Basic Definitions

Tax lien investing involves putting out a relatively small amount of capital which purchases a lien against real property. Usually several years of tax, liens must be purchased. The tax lien investor then expects to either 1) receive a relatively high interest rate return or 2) receive ownership to the property for the price of the liens. The investment should be favorable, as long as the investor performs the proper due diligence investigation of the property prior to putting out any monies.

Tax deed investing involves buying or controlling the deed to the property. The price can be as low as the amount of the outstanding taxes or lower, depending upon state law. This is often just a fraction of the actual market value of the property.

Why Tax Sale Investing?

The main attraction is that the property owner is usually highly motivated to sell and the investor can often create a good transaction. Again, due diligence is mandatory to success. A bad property is very difficult to market profitably - even if it is sold cheap.

The most important reason to consider engaging in tax sale investing is that, an owner of a tax delinquent property, who is scheduled to lose the property to the tax auction, is the most motivated of all motivated sellers. Therefore, using good marketing and negotiating techniques, a very profitable transaction should be forthcoming.

A Great Deal, Every Time!

Imagine being able to consistently get land for 10% of its value, land with some improvements for 25% of its value and a home for 50% of its value or less. These types of transactions are typical when investing in tax delinquent properties.

TAX SALES

In the US and its dominions, some taxes are levied against real property and are called property taxes. The amount of the taxes is based on the value of the property. The higher the property value, the greater the tax levied.

What Is Taxed?

Property taxes are assessed by a local taxing jurisdiction like a village or a town or a county. School taxes are also levied against the value of the real property. Other taxes levied against real property can be sewer taxes, water taxes, and penalties for having the town mow the lawn or for boarding up the property, bonds, or any tax that the legislature's decree should be collateralized by the real property.

Why Property Is Taxed

Property taxes are the most valuable kind of tax to a government because it has collateral, the property. Taxes against property are particularly onerous because of the punishment for the nonpayment of the tax, i.e. the eventual loss of the property, without any compensation to the previous owner for the value taken.

The Ultimate Punishment For Non-payment

When the owner(s) of a property have not paid the taxes due against that property, the taxing jurisdiction is allowed to conduct a public tax sale in order to collect the taxes owed. Each jurisdiction must have accomplished the precise statutorily required steps to 1) give proper notice to the owners and other parties of interest, 2) market for the sale and conduct the sale, 3) sell a particular piece of property or 4) sell a lien against the taxes owed on that property.

Once a property becomes delinquent in the payment of its taxes, then penalties start to accrue. These include: interest or penalties, marketing costs, administrative fees and other similar costs. The county tries to encourage investors to purchase the counties assets by legislating that the rate of return to an investor is substantial. This is the essence of why investing in tax sales can be so great an opportunity.

Redemption

Redemption is the term used to describe what occurs when the delinquent tax debt is paid off by the owner of the property or a party of interest to the property, within the time limit allowed by law. The investor who owns a tax deed or a tax lien certificate receives the original investment, plus interest. Other levies, mandated by law, such as marketing and administrative costs, etc. usually go to the county. The property continues in tax delinquent status unless and until someone pays the full amount of the delinquency plus all accumulated costs.

If No Redemption Has Occurred

If redemption has not occurred during the time provided for redemption, the tax lien certificate holder can apply for and receive a deed to the property. Sometimes a formal foreclosure proceeding will be necessary to claim the property. Typically, the holder of a redemptive tax deed should record that deed as soon as possible. Once the redemption time has expired, then clear title will pass to the tax deed holder where previously there had only been a cloud on the title because of the redemption period.

Potential Title Cloud For Two Years

You may own the property at this point but the state still provides for "interested parties" to object to the "taking" of the property. Interested parties have two years to claim before a judge that the legal process did not treat them fairly.

You should take seriously the admonition to learn how to do a title search. The best way to protect yourself is to know the entire tax foreclosure process. Be sure that all procedures mandated by statute were met and by the dates mandated. Be sure that all parties to the transaction were Noticed. Be sure that notices were sent in a timely manner and were delivered in the mandated manner.

Be Aware Of Procedural Errors

You will feel very angry at yourself if you lose a property because of a silly procedure that was not performed correctly and you missed it. If you have a good relationship with the county officials, then you will probably have access to their Work Files. You will be able to look over the work the county did and determine if all procedures met the legal standard.

If an error is made, it was made inadvertently, but a judge does not care. The Tax Collector or Finance Department will be embarrassed and seem to be incompetent. The County Attorney will be obliged to expend monies and hours to defend an action in court. The county does not get the monies it needs to pay bills. In addition, you will have to expend energies and attention to file papers to get a refund of your monies and you will have wasted your time researching the property.

Imagine the relief that the county officials will feel if you were to find a procedural error. You will have prevented a lot of misspent monies, time, and effort. The government will "owe" you, and big time. Your reputation will have been made. But remember, be careful to not exploit the situation and ask for too much.

Don't Worry – You're Protected

The judge could rule that the taxing jurisdiction did not conduct a totally correct process. The judge can order the transfer of the property from you back to the previous owner or other interested party. In the occurrence that a judge finds an error in the due process of the transaction, you would receive back any outlays for the taxes plus interest and other mandated costs. You will not lose any cash investment, but, be warned, monies for improving the parcel will be lost and any interest due could be lowered.

TWO TYPES OF TAX SALES

1 - Tax Deed Sale

A tax deed sale occurs in states where a county chooses to first use other means to gather the tax revenue necessary to pay its bills, such as issuing bonds. Then, in tax deed states, in order to collect the unpaid taxes the county holds a tax sale auction. The county sells the property to the highest bidder, because the property is the collateral for the taxes levied against it.

At the tax sale auction, upon the acceptance of the bid by the county, and payment, the successful bidder will get a Sheriff's deed to the property. In some states, the previous owner can still redeem the property for a period of time by paying the outstanding taxes owed, including stiff interest or penalties and any fees that have been levied. Then, at the end of this redemption period, the successful auction bidder will be able to apply to get a deed.

There is a considerable amount of due process involved in the entire tax foreclosure mechanism. Because the government is forcibly seizing the property of one citizen and giving it to another, it is proper that the entire tax foreclosure process be a complicated process, with protections for the tax delinquent.

Legalized Theft

Taxation has been defined as "legalized theft." Taxation is at the core of the idea that "might makes right", because nothing is mightier than the government and nothing is more righteous sounding than a government official justifying the taking of something that it wants. Because this is so, tax foreclosure is at the apex of governmental expropriation or "taking."

Due Process Obligations

The taxing jurisdiction must provide the tax delinquent adequate notice in the legally proper manner. The delinquent property tax owner is often given a significant amount of time to bring the delinquent property taxes current. To its credit, many counties have programs in place for a delinquent taxpayer to make partial payments in bringing their debt current versus requiring the full payment, including interest and other costs. Only after this legally required period of time has passed, which is different in each state, can the county foreclose on the tax delinquent property, legally expropriate it, and then sell that property at a tax auction to recover the taxes owed.

Excess Proceeds

At the tax sale, the part of a bid that is greater than the amount of the outstanding debt, is called an over bid, overage or excess proceeds. The excess proceeds that are bid and collected via the tax deed auction, can be forwarded to the previous owner, upon request. However, it is very common for states and counties to create significant legal hurdles so that it is difficult for a previous owner to collect their overage, allowing the county or state to retain these monies.

Some Counties Can Retain Excess Proceeds

There are some counties around the country where it is legal for the county to retain all the monies bid at the auction, including any overage. Tax officials justify this "taking" by saying that tax delinquents have plenty of notice and therefore, plenty of time to figure out how they will pay their taxes. Additionally, they say, the retained funds pay for the costly tax foreclosure process and are akin to a Users Tax.

A classic Users Tax would take in the monies needed to fund a particular operation and no more, adjusting up or down depending upon needs. To fund the collection of delinquent taxes, adjustments could be made to the outstanding tax amount, interest, penalties, associated costs such as advertising, plus any other cost to the county for the foreclosure operation. However, in these particular counties, all the monies garnered at a tax auction are retained by the county.

Unstated is the idea that the entire tax collection process can be funded by the seizing of all monies from the sale of a few properties. Therefore, the county looks to tax foreclosure as another means of funding this entire department of government with anything left over usually put into the General Fund. Retaining overbids is a big government industry and each county and state government has a line item in its budget for the amounts of overbid monies that it can use each year.

2 - Tax Lien Sale

Tax lien sales occur in states where a county chooses to collect its needed revenue through the sale of a tax lien at tax a lien sales auction. Each state has a different time schedule; however, holders of tax lien certificates must typically wait for several years before they can sue for ownership of the property in the event that the owner has not paid the outstanding tax liens.

Purchase All Liens Against A Property

While not mandatory, it is always better for an investor to predetermine that they will buy all the tax liens against a property. The tax lien investor should budget for that purpose as liens become available, until allowed to apply for ownership of that property. If another investor is allowed to purchase a tax lien, in a junior year, against a property upon which an investor already has a tax lien, then the senior investor might lose the ability to gain ownership to the property for the price of the liens.

Names

Tax certificates are sold by many taxing jurisdictions throughout the United States. They are known by many names: Tax Lien Certificates, Tax Sales Certificates, Tax Purchaser Certificates, TLC's, and a few other names as well.

The Rational For Tax Liens

Local taxing jurisdictions are given the statutory power to collect taxes in order to pay for legally mandated services. The rational for the sale of tax certificates is that it allows a mechanism for the taxing jurisdiction to be able to collect the tax due to it immediately. Otherwise, the taxes would go uncollected, sometimes for years and governments would not be able to pay for current services.

In First Position

If an attendee at a tax lien auction is the successful bidder of a tax lien that has been auctioned, then he will receive an official Tax Sale Certificate to document his ownership of that lien. Having the possession of this Tax Certificate places the possessor in the same legal position as the Tax Collector; he has a first lien against the property, or the first claim against the property, before any other claims, including a mortgage, an IRS lien, or any other lien. All other liens are inferior to a tax lien. It is a good thing that this rule is in place. Without this rule, no one would purchase the tax liens and local governments would not be able to pay its bills unless some other method of tax collection was to be used.

Possessor Is Owner

The tax certificate can be sold, traded, transferred, or gifted. There is no centralized data base of all TLC owners, and just like a stock or a bond, the possessor of the tax certificate is considered to be the owner of the tax certificate.

Getting Copies or If TLC is Stolen

In the case of a stolen or a lost tax certificate, after providing proof of identity, it is possible for a successful bidder to receive an officially certified copy. But, if a tax certificate is transferred, the county will require documentation that the requester is the true owner of the tax certificate as he is not the owner of record. A notarized letter from the original successful bidder may be necessary to certify that there has been a transfer of ownership.

High TLC Interest Rates

The desire of the state, the county, and municipalities, is to get their tax revenue as quickly as is possible. That is the taxing jurisdictions policy, even if you have to pay a very high price. Therefore, to encourage the purchase of these tax certificates, most jurisdictions have passed laws mandating significant rates of interest or penalties that a property must pay to the holder of a tax lien certificate in order to remove the tax lien. Interest rates of 10% and above are common and annualized interest rates of 24% or even 36% can be had in particular states.

Getting The Deed

Upon redemption, the holder of the certificate receives the original investment, plus any accrued interest and/or a penalty, plus any other costs that are mandated by law that the TLC investor has had to pay out. The system is set up so that the TLC holder is supposed to get back all monies put out plus the mandated interest rate. If redemption has not occurred during the time provided for redemption, the tax sale certificate holder can apply for and receive a deed to the property.

STRATEGIES
FOR DETERMINING WHICH
TAX DELINQUENT PROPERTIES TO INVEST IN

Define Your Objective

Investing in real estate via the purchase of tax sale certificates is easy, safe, and profitable. It is important to understand the various investing techniques that you can utilize - depending upon your objective.

What Is Your Objective?

In Tax Lien Certificate States

If your objective is to Get a High Yield or a High Rate of Return then, seek TLC's on SFH's with high mortgages.

If your objective is to Acquire The Property, then seek TLC's on SFH's or land that are free and clear and where the tax delinquent has vanished.

In Tax Deed States

If your objective is to Acquire The Property, then contact the delinquent property owner at some point prior to the tax auction and make your best deal.

If your objective is to Acquire The Property At the Tax Auction, then only bid up to a maximum of 50% of its current Fair Market Value. Stop there.

-- STEP #1 --

Getting a High Yield, ROR

Increase your odds of getting a high yield on your invested capital.

If your objective is to receive a high yield or interest rate on your tax sale certificate investment then there are certain steps that you can take or strategies to employ that will increase the odds that the property will be redeemed, thus paying you off, allowing you to receive the interest or yield required by the law in that state.

Since your goal is to receive a high yield, your strategy should be to increase your odds of the property being redeemed.

SFH – Single Family Home

Your Best Property Choice

Logically, your best chance of a tax delinquent property being redeemed is if it is occupied as a primary residence and it has a high mortgage against it.

At the legally appropriate time, you will apply to get the deed. Notices to interested parties will have to be sent out and note holders will consider their position.

Many banks keep track if the mortgagor is paying the property taxes. If the taxes have not been paid, the bank could step in, pay the taxes, and charge the mortgagor a stiff fee.

The owner and resident wants and needs a place to live, for himself and for his family. Therefore, your safest transaction is to invest in tax lien certificates that are liens against owner occupied residential property with a high mortgage balance against it.

With this strategy, if the owner does not pay the taxes, then there is the very high likelihood that the mortgagee or mortgage holder will pay the taxes. This is so because the mortgage holder does not want to lose the collateral for his mortgage investment.

In almost all cases, the mortgage holder is a bank. If the mortgagor, the borrower, is not living up to their payment obligations, then the bank will seek to protect itself and its investment and will therefore pay the outstanding taxes, homeowners insurance, homeowner's association dues, and almost any other necessary cost.

After the property is no longer in danger, the bank will usually begin a foreclosure proceeding against the owner or will, in all likelihood, continue with an existing foreclosure proceeding.

In any case, since you hold the tax lien certificate against this home and the current owner or the bank is likely to pay off the back taxes plus interest and other costs, then you will have earned your significant rate of return.

Your actual ROR, Rate Of Return, or yield, will be determined by the states statuary interest rate or the penalty that is required, and the amount of time it took for your money to be returned to you, with the interest or penalty.

Once you own the tax certificate, as a secondary tactic, you should immediately contact the mortgage holder, inform them that their investment is in danger, and ask what they are going to do about the situation. Then, you must follow up with the bank.

The quicker that you can be paid back, with interest, the higher your rate of return will be. This is a simple Time Value of Money calculation.

2nd Best Property Choice

Your next best chance of a tax delinquent property being redeemed is if it is occupied as a primary residence but it is owned free and clear of any debt or other liens or it has a low mortgage or small amount of other liens against it. The owner has a very strong motivation to pay the taxes due because he does not want to lose the property in which he and his family are living.

3rd Best Property Choice

Non-Owner occupied residential property with a high mortgage against it, is your third best property choice because the current tenant is paying rent and the owner is probably receiving a rental income. Therefore, the rental is a source of income for the current owner to pay for the delinquent taxes and other property costs. Also, were you to own the home, the tenant is a source of funds to pay for the taxes, repairs, etc.

4th Best Property Choice

A non-owner occupied residential property that is owned free and clear of any debt or other liens or it has a low mortgage or small amount of other liens against it.

Is it residential property?

The tax assessor of the municipality or the county where the property is located will be able to help you to determine the exact classification of the property. It is important to know if the property is classified as residential or any other type of property, especially if you have plans for the property that includes any changes.

Check The Index or Property Use Code

There is an index that the tax assessor uses to classify each type of property.

The index is a set of numbers, each one of which indicates a specific property type or use. It is necessary to get a copy of the Index of Property Codes. Ask for the index at the tax assessor's. Knowing the different property classes will help greatly in getting to know your marketplace. Example: if you are seeking single family houses, then you will want to know the code for houses versus duplexes, shopping centers, etc.

Parcel ID

The Parcel Identification Number is the name and number used to label the property being taxed. A very often used substitute is, Tax Identification Number. You can check data regarding the property in the office of the tax assessor by accessing this number. The name used in your locality might be Tax ID, PID, ID#, ATN, Account Number, SBL, or Parcel ID. These are all versions of the same name.

Understanding the Parcel ID is very important. This number is made up of various sections, each representing geographic areas in the county. Like a nine digit zip code, the authorities can identify each property by its unique Parcel ID number.

Often the Parcel ID's are the Section, Block, and Lot number. The Section is a significant area within a town, perhaps a quarter mile square, the Block is a single block within a street, and the Lot is the particular piece of ground. A property can be made up of many lots.

All parcels within a particular Section will start with that Section's number, 111. All Blocks within the Section will be uniquely labeled and listed, 22. The Lot within the Block is labeled, 33. The Section, Block, and Lot, SBL, is 111-22-33.

If you want property in a particular area of town, you must be familiar with the Parcel ID's. Example: The north side of town is the area of your interest. The Sections in the north side of town run from 111 through 234. You can look in all those sections for property that meets your needs.

Information Within The Property Tax Records

Upon request, the tax assessor will furnish you with the property tax records. It is in the property tax records, where you will find most of the information that you need in order to make an astute business decision. There is a tremendous amount of data that has been captured about an individual property and it is all available to you via public access law. The most important information that you need now is the assessed value of the land and the assessed value of the improvements on the land, along with the name and address of the owner of record of the property.

Get Database on CD-ROM

The county you are investigating might be computerized. If so, you could get the entire delinquent taxpayer database downloaded onto a disk. Counties charge widely varying amounts for the tax assessor's information. I have paid $35 for a disk from Florida and was asked to pay $280 from California. Recently, a disc was sent free!

Computer = Easy

Having the property and tax data at your fingertips, in your computer, is a very powerful tool. You can do sorts, by property Use Code, to easily identify those properties that you wish to pursue. Your marketing, therefore, can be highly targeted, i.e. you can target 4 Family structures that are tax delinquent, or only Multi-Use buildings, or only buildable lots in a development, or you can target everything.

Paying for the discs, so you have the tax data available on your computer, can save you significant time, and as we all know, time is money. It will also save you aggravation because you do not have to look up data the old fashioned way, by hand. And, don't forget, computers do not make errors. If looking through the records manually, you will probably miss a few desired properties, versus the ease of using a computerized sort.

Know When The Tax Sales Occur

You must know when the county is having the tax sale auction so that you can be ready. This involves being in touch with each Tax Commissioner and finding out when the county has its tax sales. In some states, the tax sales are conducted once per month, in other states the tax sale is conducted only once per year. You can contact the tax commissioner's office by telephone or by mail; more and more tax commissioners are accepting email solicitations as the internet and computers become more accepted and integrated into governmental operations.

Get The Tax Lien Sale List

The tax commissioner usually has a list of people who have requested to be notified when the tax sales occur. Ask to be placed on this most important list of those who are notified when tax lien sales are to occur; so that you can get advanced notice. This action should allow you to get the actual list of properties coming up for tax sale at the earliest possible date. Having the actual tax auction list is important because you may be concentrating on all properties that have met the legal requirements for being placed into the tax auction. As you will find, many tax delinquent properties have met the criteria to be auctioned off, but for some reason, the authorities do not choose to include these properties into the tax auction.

Sort The List By Property Type

Once you have obtained the list of properties that are coming up for the tax lien sale, you can sort the list into the separate types of property that interest you, based upon your ambitions. If you are an investor in single family homes, then horse farms are of no real interest to you; that is, unless you know of someone who is seeking a horse farm.

A "Golden Nugget"

This next item is most important. It is called a "golden nugget" because the information is understood only by those who have actually worked the system. Not only will you save time and lessen aggravation – you will hone in on the most productive of all the leads in your database, i.e. those tax delinquents that are most likely to redeem, thereby virtually guaranteeing you a high rate of return.

Here's the "golden nugget!" The higher the value of the property is, the greater the chance that the tax lien will be redeemed.

Let's break this down. The higher the value, the more likely it is that some party of interest will pay the taxes. There are, potentially, many parties of interest.

A Party Of Interest

A party of interest is any person that has an interest in the property. A 'person' can be a human or a business entity. A party of interest can be the owner of the property, or an heir, or one of the mortgage lenders, should there be multiple mortgages, or a mechanics lien holder, etc.

None of these parties of interest will want to lose their collateral, the property. That makes sense, doesn't it? Therefore, one of the interested parties will most likely pay the taxes, the interest, the other costs, and you will receive your high rate of return.

Resort The List By Value

After you have the list of properties that are going up for tax lien sale, sort the list for the property type that you seek. Next, sort this new Specific Property Type list by their Assessed Value; the higher the assessed value, the better.

The higher the assessed value is, the greater the probability that an interested party will pay the outstanding taxes. And wasn't that your plan, to get your money back, with interest, as quickly as possible?

The Opposite Is Also True

If your objective is to get the property, then you should take the Specific Property Type list and resort it by Assessed Value. This time however, highlight the lower valued properties.

The lower the assessed value, the lower the chance that a party of interest will pay the taxes and the higher the likelihood that you will come to own the property. And that is what your plan was, to get the property, as quickly as possible, right?

Don't Go Too Low

Look at the properties that have a low assessed value. This next idea is dependent on your marketing area, each is different however, you should consider not going below a certain amount for vacant land, for a single family house or your preferred type of property.

Each Area Is Different

Each marketing area is different so you must be somewhat familiar with your marketplace before you invest. However, it is not very hard to determine the bottom range of what a property will sell for quickly. Don't forget, you are seeking a parcel that you can buy easily and then sell easily.

What You Should Look For

At the lower assessed values, most of the property that is tax delinquent is non-improved vacant land. This land is often not desirable, so be very careful. Hone in on buildable lots. These are the most valuable and therefore the easiest to resell.

At the lower assessed values, most of the developed property that is tax delinquent are single family houses. These homes are usually in some level of ill repair, so be very careful. Hone in on single family homes that are more sellable, 3 BR, 2 BA. Seek homes that are in a better area or in a condition that is manageable for a rehab.

P, P & C's

Seek homes where a little tender loving care, TLC, will dramatically improve the marketability. You may have heard the phrase, "Find homes where the right things are wrong with it." This means finding homes needing only lower cost cosmetic repairs. I label it, PP&C's or Paint, Patch, Carpet, Cleanup & Curb Appeal.

Ideally, you want properties where you create some curb appeal by simply mowing the lawn, planting some flowers, and painting the front. Then clean up the inside by only fixing holes and painting. New carpet will do wonders to put a new, fresh look onto an older, dilapidated home. Where there is structural damage, such a bad roof or foundation; either pass those properties by, sell them "as is" or be prepared for some major fix up.

Assessed Value Price Points

The least amount that I typically seek for vacant and unimproved land is an assessed value of $10000.

The least amount that I typically seek for vacant land with some small improvements is an assessed value of $15000. The improvement is typically a well or a small shed or a driveway.

The least amount that I typically seek for a single family home in an urban or suburban area is an assessed value of $40000.

The least amount that I typically seek for a single family home in the ex-burbs or in a rural area is an assessed value of $25000.

Specialized Properties

Stay away from properties that require an expertise or a special knowledge to purchase or to work the property, i.e. farms, commercial, bars, etc. These properties can be very profitable but only if you know who will have an interest in them or if you are prepared to do extensive marketing.

The bottom amount that I typically seek for small commercial properties is highly dependent on the area but it should be at least 60% of the assessed value of other, similar type properties.

The Ideal Situation – If Wanting To Own

If your object is to own the property, what you would love to happen is that you pay the taxes on this highly valued property, that the mortgage lender does not pay the taxes, and that you end up with the property, free and clear of any liens.

The tax system worked the way it was supposed to. The county assessed a tax against a property, the county was paid its taxes by you via a tax lien, and then you claimed ownership of the property. You have literally come to own that property for Pennies On The Dollar.

Your Plan Prior To The Tax Lien Sale

Do your research in the Tax Assessor's office or at home from the computer files that you purchased. By category, make a list of all the properties against which you might be interested in purchasing a tax lien certificate at the upcoming sale. Then, go to each property and physically inspect them. Take pictures and create notes. Be detailed about fix-up and marketing plans. Determine your minimally acceptable rate of return and determine the highest amount that you will bid on each property.

Your Plan At The Tax Lien Sale

When you attend the tax lien sale, you should only bid on those properties that you have physically inspected. Do not fall into the trap of succumbing to "auction fever." Pass on that "opportunity of a lifetime" so that you can "live to fight another day." There are 3332 counties in the US and you can find a tax sale at anytime, almost anywhere.

-- STEP #2 --

Your goal is to acquire the property.

Obtain the list of tax delinquent properties coming up for tax lien sale as soon as possible. Many times this list is available months or even years before the sale. A tax delinquent property should be put on the list as soon as that property becomes delinquent. You can check the statutes in the manuals of the various states to determine the earliest possible date the list may become available and from which offices it can be procured.

Get The Tax Delinquent Lists And Mail To Them

Make up a mailing list of all the delinquent property owners. Write the delinquent owners a simple letter stating that their property is delinquent for nonpayment of taxes and inquire as to whether they intend to redeem the property (pay the taxes), and/or if they have any desire to sell.

You Are Looking For Abandoned Property

Maintain lists in three (3) files.

The first file is a list of tax delinquents who have responded stating that they will redeem the property by paying the taxes themselves.

The second file is a list or those who did receive the letter but have not responded to you; consequently, you did not receive the letter back as undeliverable.

The third file is a list of all mail returned from the post office as Undeliverable mail.

Your Ideal Situation

That list of undeliverable mail will give you the list that is most valuable and the list you what. If you purchase certificates against properties where the mail was not delivered, the chances are good that the TLC will not be redeemed and you will eventually end up with a deed.

-- STEP #3 --

Mail To Property Owners

Use the mailing list to contact these particular property owners by letter stating that if they do not intend to redeem (pay the taxes); you will purchase their property for a token payment. You also give the tax delinquent the opportunity to take a tax deduction under certain circumstances. See, "How to Create a Tax Deductible Loss" in this manual. Depending on the property, offer them $25, $50, $100 or $500 for a quit claim deed. The User Manual contains sample letters for writing delinquent property owners along with a suggested enclosure showing how to "create" a tax deductible loss.

I know it is hard to believe that this works, but I have used it to great advantage and profit and I know of many others that use it. You can acquire a huge number of properties using this technique. Here again keep track of your replies and non-replies.

-- STEP #4 --

Sell To TLC Holder

Once the tax lien certificate sale has been concluded, contact the Tax Collector and obtain a list of all tax certificates sold, to whom they were sold, the address of the former owner, and the name and address of the tax certificate buyer.

Next, write each tax delinquent property owner a letter similar to the one described in Step #3. If you acquire a deed, as the new owner, you can now go to the party who purchased the tax certificate and offer him the deed to the property upon which he holds a certificate.

Why Would TLC Owner Buy From You?

The TLC owner will consider buying from you because he does not have to wait until the redemption period expires to obtain possession and use of the property.

The TLC owner will consider buying from you because he does not have to go through an expensive foreclosure procedure. Rather, if he owns the property, he can now redeem his own certificate.

Make A Wonderful Profit Very Quickly.

Think of it this way. If you were investing in tax certificates, you would love to get the property. If the owner were to sell you the property for a much lower than market price, wouldn't you jump at that chance? Of course, you would! Well, try to be the owner.

You Can Sell To Anyone

What if the certificate holder is only after the interest rate and does not want the property. There are many passive investors. You have until the expiration of the redemption period to do something with the property. Instead of selling for a high price, sell it for a price that will move the property quickly.

Assessed Value Is A Good Starting Figure To Sell At

Determine the Assessed Value from the tax assessment roll which is an amount established by the county appraiser. This number has credence because it is created by a government entity. The amount of the tax assessment is often far below the actual Fair Market Value. The new buyer will have to pay all the taxes that are past due and, in addition, those that are currently due against the property, plus whatever extra you can get for the property.

As you can see, you are in a very powerful position when you have gotten the deed from the former owner. Your planning and skill have worked to your profit.

STRATEGIES FOR
BUYING PROPERTY AT THE TAX DEED SALES

Type Of Auction

Upon contacting the Tax Collector or other appropriate official and requesting a list of properties that are tax delinquent, you will receive a list of the real property that will be offered to the public for sale at an upcoming tax land sale. This is a type of public auction sale where the successful bidder receives a Sheriff's deed to the tax forfeited property.

There are a few tax deed states where the deed is issued but the prior owner still has the ability to redeem the property; meaning, they can get the property back by paying the back taxes, interest, and penalties. These few states, where there is still a redemption period after the tax auction, are called Redeemable Deed states.

-- STEP #1 --

Research – Anywhere, Anytime

You can do your real estate investing anywhere in America or the possessions. Tax collection agencies and tax assessors are coming online at an increasing rate. You can access the county records of a large number of counties - from your kitchen table.

This is extremely powerful information. It means that you can "go" anywhere at any time. You are not limited by a lack of time or money or influential contacts. Your only limitation is your own desire.

It is always best to know and invest in your home turf, that is, your Home County and the surrounding counties. However, by traveling the internet and accessing records remotely, you can also easily invest in areas away from your home base.

Look Anywhere You Have An Interest

You might like a warm climate or a cold climate. Heck, you might like both. You might like rural areas, the exburbs, the suburbs, or cities. You might like areas that are congested or isolation might be your preference. Maybe you like the water or maybe you like an arid climate. You might be attracted to touristy area or those that are more industrial. I think you get the idea. No matter the type of environ, you can concentrate your investing in that type of area - or not.

Look For Any Type Of Property You Like

Single family homes are a safe investment, anywhere in America.

However, you might like the idea of working with developers and seek the kind of vacant land that they desire.

Some folks do not like residential property at all; instead, they opt to look for commercial properties. There are many commercially zoned parcels being put up for tax auction. Although there is much to be wary of, there is also a great deal of profit to be made in commercial property.

The point is, from your kitchen table or from your recreational vehicle, you can investigate the county records. You can be mobile and still do this business. In fact, it is increasingly popular to market your properties over E-Bay. You never leave your home, to buy or to sell. How great is that?

Start With Your Home County

It is wise to start learning the tax record systems in your home area, the county that you live in. You are already, or you can become familiar with the property values in your home area. You can ask friends for a referral to an attorney or any other type of professional that you may need to work with.

Research Within A One Hour Radius

After you have mastered understanding the records in your home county, you can venture out to your surrounding counties. Typically, if you drive about 60 minutes to 90 minutes in any direction you will be able to reach the county seat of several more counties. You will be in easy driving distance of three, four, five, or even eight more counties. In some states, like Montana and Alaska, the distance between counties is considerable. Yet in most other states, like Texas, you can drive twenty minutes to several counties. It is entirely possible to limit your work to these counties. There are certainly enough tax delinquent properties available, probably 10,000 or more. This is your home turf. Learn it well. It will be your profit center.

Initial Research

You must find out all you can about any investment before you invest. Take the list of properties that are being put up for tax sale auction, find the records and investigate each property in which you have an interest.

Do your initial research in the office where you can access the tax assessment roll. Depending on the tradition of the area and the state law, the records will be in the office of the tax assessor, county treasurer, tax collector, auditor, or some other office. Your object is to find the counties tax and property records.

Upon finding the tax and property records, you want to determine several things.

One: What is the Assessed Value of the land only?

Two: Are there any improvements that were made to the property? If there were; what is the Assessed Value of those improvements only? This is typically called the "Improved Value" or "Improvements."

Three: Check with the office of the county appraiser and see if there are any recent photos of the property.

Four: Find out where the aerial photographs are kept and review the location of the property on the aerial photograph. There are many programs on the internet that allow free access to aerial photos, i.e. Google Earth, etc. Beware that, often, the internet photos can be two years old.

Five: Obtain a plat map of the subdivision or a map if the property is described by metes and bounds.

Six: Purchase a county grid map.

Protection

Seven: You might find out which offices handles the condemnation of dilapidated properties. This is possibly the Building Department or the Engineering Department. Determine if any of the properties on the tax delinquent list have been or are on the "Condemned Property" list. If so, check to see if the property has been, or is scheduled to be torn down. It would be disastrous if you had purchased a property thinking that there was a structure on it, only to find that it had been torn down.

-- STEP 2 --

Map Out Your Route

You have accumulated a list of the tax delinquent properties, maps, and some assessment and appraisal information data.

Taking the list of tax delinquent properties that are going up for tax sale auction, number each of the properties on your list in numerical order starting with number one. Then, locate each property on your large county map or your city map or each of your subdivision maps. With a pencil, mark each property location on the map with the number from your list.

You have created a route map for the properties you intend to inspect. Figure out the easiest order in which to see the properties. The route map is a great time saving device. It will save you many hours because you will not have to back track over the same area several times. This is important because you will notice that many of the properties are in the same general location.

-- STEP 3 --

To make it easier on yourself, print out a map of each location on your home computer. Just enter the physical address of the property and print out a map of the location of each tax delinquent property. Use the previous property as the beginning address and the next property on the list as the ending address. Put the maps in order, staple them, get your other inspecting tools, some coffee and snacks and go inspecting.

Modernize with GPS

You can save even more time by getting a portable GPS unit. At this writing, they are about $150 and coming down. After you buy and sell a few properties and accumulate some profits, you can consider investing in a laptop computer with GPS, geographic positioning software. I prefer using the laptop for this function because the screen is much larger which really comes in handy when looking at maps, especially in metropolitan areas. At this writing, a used laptop can be gotten for $200. The GPS software was about $150.

You install the software in the laptop, you plug in the accompanying GPS unit, and away you go. The software asks for the list of addresses. After keying in the addresses, it crunches the data, and, with the push of a button, the screen points out, with arrows, all the properties in your route. Mapping software is included and it will even tell you if you made a wrong turn and give you directions on how to get back on track. I looked at 23 properties in an afternoon the first time I used it. It was great. This tool is quite a timesaver and it makes you professional.

-- STEP 4 --

Inspect The Properties

Physically go to each location and inspect each property. THIS IS MANDATORY.

You should make very good notes about the property in a notebook. You will be seeing many properties and they will start to run together in your memory so these notes are very important.

Look at the property condition, its location, guess at its approximate current market value, and ascertain if it is occupied? Determine each item and give it a grade. I like using a 1 to 10 point system, or 1 to 100. You might like to grade, A, B, C, D, and F = Flunk.

I personally like to grade 1 to 100, as this allows for the most precise opinion, ex: "96" - is better than "95", more complete than "9" or "10" and is certainly more accurate than "A." You can easily have many that are "A" properties. If you only have monies for one property, how do you determine which "A" to purchase? It is easier to choose based on "96" vs. "95" vs. "89," etc.

Here is where you determine the maximum amount you will bid at the auction on this property. I never go higher than 50% of what I think is the current FMV, Fair Market Value.

A digital camera is necessary to take photos. Note the number of the photo for each property on your note sheet. A camcorder is an excellent tool. Note the time on the camcorder for each property. You can refresh your memory by reviewing the properties on your TV or your computer prior to the sale. Be sure to take the digital camera or camcorder with you to the tax sale. An auction can last a long time so sit near an electric outlet so you can power the device using the power cord. Bring extra batteries if you don't want to restrict your seating to being near an outlet.

As you gain experience, you will be able to figure what damage should be fixed, what improvements it is smart to make, and how to approximate the costs.

This gets into an entirely different discussion about rehabilitation. Suffice to say that for some properties, rehabilitation will be a wise and good investment, especially on tax sale properties. That is because of the potential to get them at such a good price. Namely, I recommend that you pay no more than 50% of what the property is currently worth, taking into account the properties current condition.

-- STEP 5 --

Attending The Tax Sale.

Typically, I stay near the rear but in the middle of the crowd. I like to sit in the auctioneer's line of site. As the auctioneer swings his head left and right, if I'm in the middle, I know he will see my area twice.

I am also on the lookout for other investors. I can most easily see them from the rear and they must turn around to see me.

The rule I follow is, in counties that require a minimum bid, I do not want to be the first person bidding unless it is for the minimum bid. Wait for the bidding to start out as low as possible. Although the auctioneer will often open with an amount that he thinks is a little above what the property should sell at, he will quickly go to a low number just to get the action started and to keep the auction flowing.

Since you are only bidding on property that you have inspected, you are hoping to get it at the lowest amount. Wait. Perhaps there is no other interest in that property. Wait until the auctioneer is about to pass on the property and then you can offer the minimum bid. Be careful. Auction fever sets in when bids start low and move up quickly. Don't go over your maximum. There are plenty of opportunities, but just one bad experience can dampen your enthusiasm for continuing to try to invest.

In counties that do not require a minimum bid, the rule is different. Start your bidding at $1 or $5, regardless of the value of the property or how badly you want it. Sometimes you may be the only bidder on a nice piece of property. In this manner, you have not given away the value to other possible bidders.

Loose Lips Sink Ships

Be warned! Do not share your feelings or research with others. You have put a lot of time and money into getting your research and you should keep it to yourself.

A good rule to follow is to let others brag about their knowledge. You should just listen and learn. You might nod in agreement or say, "I agree" or "That's a good point." so that they know that you are a good audience, seeming to agree with anything they say. At least, do not disagree with anything they say. Remember the point and later try to figure out why they felt like they did. Perhaps they are right. In order to elicit more information, you might ask, "Why do you feel that way?" People love to give their opinion, especially to those who actually want to hear it. You will get valuable information, and be able to judge the competence of that particular investor.

-- STEP 6 --

After the sale

Your actions now are dependent on your state statutes.

Taking Possession

If you have won a bid, you can go out, immediately inspect the property, and start your program to sell it as quickly as possible – providing the statute states that, the right of redemption expires as of the date of the sale or the day before.

But, if the statute allows the owner a right to redeem the property until the date the deed is issued, and/or recorded, you may want to stay away from the property until you have a Sheriff's deed. This is your choice.

Vacant Land Or Unoccupied Property

I like to look at each property immediately after the sale. It is good to take another look and familiarize yourself with your new acquisition. You may put up a For Sale sign or knock on the doors of adjoining property owners, saying you are the new owner and seeing if they have an interest in the property. You should try to sell the property as quickly as possible.

Offer the property for sale at bargain prices. If you have purchased correctly you can sell cheap and still make a handsome profit. Most importantly, you want to be able to sell easily. Many times, you will sell enough property the day of the sale and the day after the sale to recover your entire investment. The rest is play money.

Occupied Properties

You must know the statutes of your state. In some areas, you can take immediate possession and serve notice to evict the occupant or charge them rent. In other states, you cannot go onto the property until you have title to the property. That could take 90 days or more. Know the law. Every taxing jurisdiction is different and there are 3332 counties not including the numerous municipalities that conduct tax auctions. There are well over 5000 taxing jurisdictions in the US. While the rules are similar from jurisdiction to jurisdiction, there are differences. You must know the law.

Take The Law Seriously

Why is this important? Often, the law is that the auction results must be ratified by a vote of the county legislature. They can accept or reject any bid. You do not actually own anything until you have a recorded deed.

Imagine your liability if you were trying to evict the previous owner occupant and you did not even legally own the property. I does not matter that you paid the monies. The law says that you are not the owner unless and until the law says that you are the owner. Period.

At the least, the police would be obliged to arrest you for trespass and assault if the previous owner occupant wants to push the issue. And why wouldn't they? You are trying to throw them out of their property, right?

It does not matter that these folks did not pay their property taxes. Given the chance, the tax delinquent will happily vent their frustrations onto you. I have been assaulted by a shotgun, baseball bats, dogs, etc. This is no joke.

Please do not forget that the previous owner occupant is being thrown out of their home. They are mad at themselves, at their financial situation, at "the system" and at anyone who shows up at the door, unannounced and stating that they are now the owner of "their" house. Be careful. Treat folks with respect. Imagine yourself in the same position.

Be Professional

Your best bet is to make a telephone call and / or send a postcard. You want to inform the occupant that you are the new owner and that you would like to speak to them about the situation. On a certain date, within a certain time range, you will arrive with the Sheriff and take possession. Be empathetic. What if positions were reversed? You might offer to help by providing a U-Haul and some cheap labor so that they can move out quickly. This few hundred dollars in cost could gain you their cooperation. In situations of great stress, people are thankful for any considerations.

Be Professional

The Sheriff will see your professional behavior and will remember it. This is important because you are going to need the help of the authorities in the future.

This is an important point. The government has the power to do anything it wants. They can justify anything. Even when they are wrong, they are right, meaning that the government will get what it wants, because they know that "fighting city hall" is usually a lost cause.

In any situation where there is the potential of bad publicity for government, if you were to act in a courteous and considerate manner, it will be noticed by government officials and they will appreciate that you handled yourself well. The word will spread that you are a "good guy" and you will be accorded "extra consideration." Believe it.

Be Helpful, Be Creative

This is where you can really shine. Prior to bidding on the property, you should have determined your exit strategy. How do you want to handle this property? Do you want to sell or hold? Do you want to fix it up or sell it in its current state?

Consider the occupant to be your best potential prospect for an exit strategy. Perhaps you want to rent the house to them. They could be a good tenant because they are comfortable with the house as it is.

Keeping the property "as is" is an important consideration. If keeping the property, you will have to rehabilitate it, which is costly. The previous owner was living with the poor condition.

The current occupant may also want to repurchase the home from you. This is a real possibility. You must learn about creating notes and discounted cash flows. These subjects are for another conversation but do understand that you want to sell and the occupant needs a place to live. What better place to live than in "their" home?

Be mindful that buying the home from you solves many problems for the previous owners. If staying, then they do not have to move, with its attendant cost and embarrassment. The kids won't have to be pulled out of their school, nor be forced to make new friends. All current relationships can stay the way they are. Of course, you must make sure that they can make the monthly payments. See the Purchaser's Agreement and Promissory Note.

VERY IMPORTANT

You should know that, typically, for two years, title companies will not sell you title insurance on your property, for fear of a potential claim against the property, as allowed by law. A bank will not issue a mortgage against the property without title insurance; therefore, your buyer will not be able to get a regular bank mortgage.

When you buy a property at a tax auction sale, you will not be able to sell that property in the regular manner right away, because title insurance will not be available and no bank will issue a mortgage. If you do wish to sell right away, you will typically sell the property in one of two ways: 1. The buyer will purchase with all cash, or 2. You will act as the bank and finance the transaction yourself by holding a note for any monies owed.

NOTES

A note is a valid financial instrument that has a value in the market place. If you want immediate cash, you can sell your note. You will have to sell the note at a discount; meaning, you will have to take less than the amount still to be paid on the note. You would be well advised to consider this when determining your profit projections.

See the section under, "Notes" for some guidance in determining pricing, discounts, and strategies. I will buy the notes from you.

QUIET THE TITLE

Title insurance can be gotten two ways: 1. Two years must pass, so that any interested parties can make a claim against the property that was auctioned off, or 2. You can clear any potential claims against the property. The action of clearing the title of any claims is a process called a, "Quiet Title Action." An attorney will typically charge you about $1500 to Quiet the Title.

You can Quite Title pro se, meaning you can do it yourself; it is not a very hard process. Mostly, it involves contacting all interested parties and informing them that they must make a claim against the property or they will lose any future right to make such claim. A judge will look at the proofs of notice that you supply and render a decision. Follow all legal guidelines. No procedural missteps are allowed.

Once the judge has accepted the Quiet Title, you will be able to get title insurance and therefore a bank will have no issues in giving a mortgage against the property. This is your best solution.

STRATEGIES FOR
BUYING OR CONTROLLING PROPERTIES
BEFORE THE TAX DEED SALE

The BIG IDEA

People know tax lien certificates exist. They also know that tax deed auctions occur. Some people even know that not all properties sell at the auction and that a deal can be made with the county to get those properties at a lower cost.

However, there are very few who concentrate on buying tax delinquent properties before the tax deed auction. I have expanded this simple vision to include controlling properties before the tax deed sale, which is unique.

I have put together what I call

CoachMitch's "*Ridiculously* Simple System…" SM

This system uses all the same logic and procedures as previously outlined, however it adds a number of elements which significantly adds to the potential of your success.

The "*Ridiculously* Simple System…"SM

1 Choose the geographic area.
2 Get the tax delinquent database.
3 Choose a market segment.
4 Market to that target market.
5 Make your best deal & Close the transaction.

Bonus #1 Reward your success.
Bonus #2 Do it over and over again.

By utilizing the concepts in this system, you will be able to consistently find highly motivated sellers who will be happy that someone is willing to take a problem property off of their hands and out of their lives. These tax delinquents have already divorced themselves from the property and you are there to have them sign the divorce papers.

-- STEP 1 --

Choose The Right Geographic Area

This is a most important question. Certainly, you want to master your home area which I define as your home county and any counties within a reasonable driving distance from your home base. Typically, this means a drive time of one hour to an hour and a half. This allows you to easily make a trip to a property that you own. You can leave after breakfast and be back for lunch. Even with significant work to do, you certainly could be back home in time for dinner.

However, what if you want to invest in other areas of the country? It used to be hard. But not now! You simply goto www.CoachMitch.com . You enroll and consult my geographic locating and market timing software.

www.CoachMitch.com constantly monitors the real estate markets for sales and reports to you the way the real estate market is operating in all major metropolitan areas in the United States.

Hot Markets

Doesn't it make sense that you should be looking in markets that are hot or moving up? In those areas, a property will sell quickly, and at a very good price. Since you are seeking properties for very low prices, your potential profit margins could be staggering.

Emerging Markets

Probably the best kind of market to locate and invest in is the emerging real estate market. This is a market where the sales have been down for a significant amount of time but they are starting to move up

Sellers know when the local real estate market is slow. Money may be tight. In slow markets, people are still moving out and homes take a very long time to sell. The real estate picture is bleak. But economics moves in cycles and what is down now, will, at some point, move up. If only you could tell beforehand? Well, now you can.

www.CoachMitch.com lets you know when that market has turned. You can be looking for tax delinquent properties while everyone still believes that the market is bad. You can be selling the properties a little later, when everyone knows that the market is much better and is going higher – like a rocket! That is when the price appreciation really takes off. And there you are with tax delinquent properties that you own or control.

Other Type Markets

Typically, a Sideways market or a Declining market scares investors. After all, investors want action and the best action occurs in hot markets, right? Well, maybe.

You will make money in all types of real estate markets. The biggest factor is price. If you are buying a property at 30% of fair market value, then you can sell it for 50% or 60% of FMV and still make a wonderful profit. Buyers at any time and in any type of market realize that they are getting a fantastic bargain if they are paying 50% of the actual fair market price at the time; especially for real estate.

Great profits

When concentrating on tax delinquent property, you will find a transaction at 30% of FMV. Were you to sell the property at 60% of FMV, you would be making a 100% cash on cash return. Imagine that! In a bad market, you can make 100% on your money. And, you can do it often.

Choose Where You Want To Invest

Maybe you want good weather. I do. You can look at areas that have good weather and find the local markets that are hot or emerging. Recently, San Diego had over 33,000 delinquent properties on its tax delinquent list. Don't you believe that you can find you share of good deals if you have 33,000 to choose from?

Maybe you want to look in an area that you have trusted friends, relatives, or other connections. This is great because your friend can look at the property and you can invest in safety.

Maybe you want to retire to a certain area. You can engage professionals to help you in that area. The best part is that you will certainly be able to find a wonderful property for yourself, for your retirement.

Of course, investing in your home area is the first and best place to concentrate. Your home area is the most convenient, and the least costly to investigate. It is the most reliable, safe and easy area to investigate because you can do the necessary investigative work yourself, instead of relying on others.

You can view the property records in person, if needed, and not rely on seeing records over the internet. You can see the property for yourself, which is best, and you can drive the neighborhood. You can speak directly to neighbors for information about the area. Most importantly, it is always best to speak to a seller face to face.

-- STEP 2 --

Get The Tax Delinquent Database

Now that you have picked your preferred area, you must get the database of properties in jeopardy. These properties are tax delinquent.

As outlined above, you contact the Tax Collector of the county and ask, "I would like to get the complete database of all tax delinquent properties."

It is as simple as that.

More and more tax collectors are going online all the time and they are seeing that allowing citizens access to records is creating more demand for tax delinquent properties. Counties have come to understand that they can make money by selling the lists of properties that have tax lien certificates against them. The prices of the lists are going up but they are still a bargain. Just one deal will pay for your lists forever.

Sometimes some of the employees will tell you that "they do not have such a list." Well, of course they have a list of tax delinquent properties. How else would the county be able to keep track of who owes taxes and who is paid up? They just do not know what the list is called, nor do they know who generates the list. This is because they never get a request for this list.

Check With The Computer Geeks

Perhaps the IT or computer department is who you should speak with. They keep track of all the records and they make up all the reports. You may have to pay a special fee, but that's OK. I got a special report made up of all rental property in my city for $60. The report was over 300 pages long with several thousands of multi-family owners. It is a great resource. A student in Florida got 10000 records, part of the delinquent tax roll, for $10, that's 1/1000th of a cent per lead. Not bad.

Recently, I helped a student of mine get his counties tax delinquent records. He had tried several times before speaking to me, to no avail. The price he was quoted was $400. That's a lot of money. I redirected his thinking, and showed him what he should ask for. He did and he called me back, ecstatic, saying that he had received two years worth of tax delinquent records for $20 not $400. There were well over 10,000 records in that database. Do you think he can find a few properties in 10,000?

Often the clerk says that the only list they have comes out once a year, at tax lien certificate time or tax deed sale time. You say, "I understand, but you are keeping track of the data. It is in the computer and you are generating a report once a year for the tax auction. I just would like a copy now."

Get The Records On Disc In Excel Format

Once you have located someone who can get you the database, you should ask in what formats the records could be made available. You can get photocopies but that is not practical. With computers proliferating, it is best if you get the records on a data CD or DVD. Typically, the formats available are CSV, comma delimited, Excel, or ASCI. These are all good because Excel can receive them and convert the code into Excel format. That is what you want because you want to easily sort the data.

Know The Public Access Law

Every state has its own version of the Public Access Law. This law typically states that citizens have the right to see public records, that they can get copies and that the copies have a certain, limited cost, like the cost to create the copy. If a public official denies a citizen access to public records then that official can be fined or jailed or both. That is pretty powerful. Don't you just love the idea of telling a government official that you are the boss and that they can be punished if they do not conform to law?

It is very important that you understand the public records statutes in the jurisdiction where you plan to do you're investing. You must have access to the public records and the law allows you access. You must press your claim. Your research work may involve acquiring data about tax sale certificates. You may be researching property data prior to attending a public auction tax sale. You may want to establish a mailing list to contact delinquent property owners prior to or after a tax sale.

You almost always have the following rights under public records statutes.

1 You have the right to inspect public records during normal business hours.

2 You have the right to make notes and memorandum of any public record.

3 You have the right to get photocopies of public records.

4 When the public record is on micro-fiche or computer tape or within a computer, public record statutes require the custodian of such records, to provide you copies of such microfiche or computer tapes or computer printouts of such records, or computer discs, at the actual costs of reproduction.

5 You are able to get the data in the same formats available to government.

Usually, you do not have to go to the office where the public records are kept. Public officials are required to furnish you photo copies and you have the right to request them through the mail.

Public Officials Sometimes Don't Care

I know that it is hard to believe, but not all public officials are aware of their duties or your rights under the public records laws. Sometimes they do everything possible to discourage you from seeking records. They might even refuse to give you access to "their" public records. Sometimes public officials will say that they are in compliance with the law and that they are applying it correctly.

It is not always an easy matter to exercise your rights. Many court cases have been brought against public officials when the right to inspect such records was denied to individuals and/or companies. With no exceptions, the courts have always ruled in favor of the individual who requested the public record, where that record is not exempt by statute. No statute in any state or in any jurisdiction of the United States exempts delinquent property tax records, or other records relating to the ownership of taxable real property. In other words, delinquent tax records are public information that governments are REQUIRED to give to you.

The Law Is On Your Side

Stiff penalties have been enacted by state legislatures for the violation of the public record laws. Penalties range from fines and a simple misdemeanor to a felony and/or removal from office. The individual denied timely access to public records has recourse to the courts and can sue for actual and punitive damages against any public official and against the bond of that public official.

It is clear that the public policy of the United States and the various states is to permit easy access to public records and your right to copies at the actual costs of reproduction is guaranteed by statute.

You should check the statutes of your state regarding public records in a local law library. Most libraries do have the statutes of the state in which the library is located. Look in the index under "public records." You will be referred to the statutes dealing with access and copying of public records. Make a photo copy of the laws and carry them with you when you personally visit any office with records you want to inspect.

Highlight any appropriate area, especially the areas stating that you have the right to access any public record and that copies are to be created at the cost of production. This tells the offending official that you know that the law is on your side.

Samples Of Public Record Statutes

CALIFORNIA

PUBLIC RECORD STATUTES

"GOVERNMENT CODE.

SECTION 6256.

COPIES OF PUBLIC RECORDS, DETERMINATION ON COMPLIANCE WITH REQUEST, NOTICE, REASONS.

Any person may receive a copy of any identifiable public record or copy thereof. Upon request, an exact copy shall be provided unless impracticable to do so. Computer data shall be provided in a form determined by the agency.

Each agency, upon any request for a copy of records shall determine within l0 days after the receipt of such request whether to comply with the request and shall immediately notify the person making the request of such determination and the reason therefore."

"SECTION 6256.2

Delay in access; prohibition; notification of denial; name of person responsible. Nothing in this chapter shall be construed to permit an agency to delay access for purposes of inspecting public records. Any notification of denial of any request for records shall set forth the names and titles or positions of each person responsible for the denial."

"SECTION 6257.

REQUEST FOR COPY; PROMPT AVAILABILITY; FEE; REASONABLY SEGREGATED PORTION AFTER DELETION OF EXEMPT PORTION..

Except with respect to public records exempt by express provisions of law from disclosure, each state or local agency, upon any request for a copy of records, which reasonably describes an identifiable record, or information produced therefrom, shall make the records promptly available to any person, upon payment of fees covering direct costs of duplication, or a statutory fee, if applicable. Any reasonably segregated portion of a record shall be provided to any person requesting such record after deletion of the portion which is exempt by law."

SECTION 1222

WILLFUL OMISSION TO PERFORM DUTY.

Every willful omission to perform any duty enjoined by law upon any public officer, or person holding any public trust or employment, where no specific provision is made for the punishment of such delinquency, is punishable as a misdemeanor."

COLORADO PUBLIC RECORDS LAWS

"24-72-203. Public records open to inspection.

[1] All public records shall be open for inspection by any person at reasonable times, except as provided in this part 2 or as otherwise provided by law, but the official

custodian of any public records may make such rules and regulations with reference to the inspection of such records as are reasonably necessary for the protection of such records and the prevention of unnecessary interference with the regular discharge of the duties of the custodian or his office.

[2] If the public records requested are not in the custodial control of the person to whom application is made, such person shall forthwith notify the applicant of this fact, in writing if requested by the applicant. In such notification he shall state in detail to the best of his knowledge and belief the reason for the absence of the records from his custody or control, their location, and what person then has custody or control of the records or printouts of public records .

"24-72-205. Copies, printouts, or photographs of public records.

[1] In all cases in which a person has the right to inspect any public record, he may request that he be furnished copies, printouts, or photographs for a reasonable fee, to be set by the official custodian, not to exceed one dollar and twenty-five cents per page unless actual costs exceed that amount.

[2] If the custodian does not have facilities for making copies, printouts, or photographs of records which the applicant has the right to inspect, the applicant shall be granted access to the records for the purpose of making copies, printouts, or photographs.

Where public officials discourage you from getting photo copies by setting a high price, you might purchase a portable photo copy machine.

If you are told that the record you requested is not available or is not a public record, then you should show the public official your copy of the states' statute requiring the public official to allow you a copy.

Once they know that you know the law they usually become a little more cooperative. If they still refuse, a call or a visit to the County Attorney's office will usually get the desired result.

If the conversation with the County Attorney is not productive, then you might wish to consider filing a civil rights violation civil suit against the offending public official(s). Your lawyer could file a Writ of Mandamus or file for an Article 78 Hearing (NY). Both actions are meant to get an action you want.

The Writ is issued by a Superior Court judge, commanding an official to perform an act that the law recognizes as an absolute duty. In NY, an Article 78 hearing determines if a public official acted in accordance with law. NY has passed a specific law to handle such situations. Check with an attorney and ask, "In this state, what law deems that a governmental official must comply with the law? "

Write Letters

So many counties are online that you no longer need to write many letters to public officials. But just in case, I have included the letters for your use. If a county is giving you a hard time about records, one course of action is to go to a different county.

The letters are a backup. You should first make phone calls to any public official who can help you get the records you want.

CAUTION – CAUTION – CAUTION

If you plan to send out a large quantity of letters to delinquent taxpayers whose property is located in one county, you should strongly consider advising the Tax Collector or County Treasurer of your plans.

Informing the county officials in advance, about what you are going to do, will reduce their shock when a lot of people call about their taxes or come in to pay them. Try as much as possible to be sure the taxes are delinquent when you check the records and before you send out the letter.

Those who may have been delinquent, but have paid the taxes, though late, are riled and confused when they get your letter saying they are delinquent. The irate citizen, calls the Tax Collector's demanding to know why they have received a letter claiming that the property taxes are not paid. The Tax Collector then calls you – telling you to Cease and Desist your activities. This is no joking matter. The folks have misinterpreted the letter and complained to the authorities. The authorities respond with the power they have.

Many counties have set up a time payment plan for the convenience of delinquent taxpayers. Find out who oversees the time payment plan within the Tax Collector's office so that you can refer those who wish to start paying the delinquent taxes. In this way, you can mollify the anxiety of the officials. You can even make a friend of the Tax Collector because it appears that you are not trying to "take advantage" of little old ladies.

An idea

If you are speaking on the telephone with a delinquent tax payer who wants to keep the property and can make a monthly payment, then offer to connect the tax delinquent directly with the clerk in the Tax Collectors office that handles the payment plan. Initiate a 3-way call between the clerk, the delinquent taxpayer, and yourself. Introduce the taxpayer, explain the situation to the clerk, and then tell the taxpayer to call you if they ever get into trouble again. You have made a friend, and have turned lemons into lemonade. The tax collector's office will think that you have done a good service.

This has paid benefits for me. I get great access to records inside the tax collector's office because I have demonstrated that I am a responsible investor.

-- STEP 3 --

Choose Your Market Segment

This section is full of "golden nuggets." One student said "that it was like a field with gold nuggets just laying there on the surface, waiting to be picked up." WoW!

Upon receiving a computer CD, DVD, or downloading the tax delinquent database from the internet, the first thing you need to do is – control your excitement.

Next, you want to convert the data into Excel format, since this is the most universal database software. If you do not have Excel then you can download OpenOffice for FREE. This is an entire suite of software products created by Sun, Inc. OpenOffice is completely compatible with MS Word and Excel. It will easily convert the Tax Collector's data.

The Database Is Humongous

This is where the rubber really meets the road. These days, many counties can and will give you lots of data. The typical county has thousands and thousands of tax delinquent properties. In fact, the tax delinquent database dwarfs the mortgage foreclosure list. There are at least 300% more property tax delinquencies than there are mortgage pre-foreclosures.

Search For Your Property Type

The key to understanding this part is that you must get a handle on seeing the huge amount of data in specific types of chunks. You can do sorts on every column if you want and see what the data tells you. For instance, there is usually a Property Use Code column. If you like to invest in SFR's, Single Family Residences, then sort for this type property, by sorting this column, perhaps in descending order. The results will be a database sorted by property type. All the Single Family Residences will be clumped together.

You will want to make sure your database searches coincide with the property type that fits your investment plan. You do a sort and you might see some discordant patterns. Some of the properties actually look like they fit what you want. Highlight those items.

You will usually see many high priced SFR's that have significant tax liens against them. The tax certificate owners will probably make out very well because there is no way that the owner/occupant nor the mortgage bank will let the properties go to tax auction.

You mark a few of these down and figure to go take a look at them because the tax lien certificate auction is coming up in six months and this property might still be delinquent. But there are too many high priced SFR's. You need an orderly process.

Understand The Relationships Of Data

I have come to understand that the data shows relationships, and these relationships show where the golden nuggets are; for instance, the Assessed Value and the Total Amount of Taxes Owed.

I had a thought - the higher the Assessed Value and the lower the Total Taxes Owed, would give a property where two things could be correct: the owner is not motivated, because even though he is delinquent, he doesn't owe that much. On the other hand, with the right owner, one who does not care about the property, there are the makings of an exorbitant potential profit. You won't know until you find out which situation you are dealing with.

Example: The SFR has an Assessed Value of $200,000 and the Total Taxes Owed is $2000, or 1% of the Assessed Value; the probability is that the owner will pay the taxes; however, I have seen where the owner simply does not care about the property and is prepared to give it away. This strange situation happens more than you would believe.

The Sweet Spot

However, the real story is in discovering the relationship of the numbers. If you divide Total Taxes Owed by the Assessed Value, you will get a percentage. I like looking at the range of percentages of about 7% to 30%. I call this, the Sweet Spot.

You can think of that Sweet Spot percentage like a mortgage that is 30% Loan To Value. Logic indicates that there is great potential of creating a great transaction if all you had to deal with was a 30% mortgage. It means that the owner has 70% equity and, when selling, there is the possibility that the seller can hold a big private mortgage - if he can be shown that it is in his interest to do so. In the real estate investing world, it is momentous anytime that a seller can act like the bank.

Well here, we see the same thing. The taxes due are, let's say, 10% of the Assessed Value. That leaves us 90% to play with. If the owner wants to move on with his life, then all I need to do is help him to find the door.

Therefore, insert a column into the Excel database labeled %Tax To AsdVal. Plug in the formula and calculate the ratios for the entire database. Then sort on this column in Descending Order. You will get all the properties in an order with the highest percentage taxes owed at the top.

You will be amazed to see that there are properties with some good value, but the amount of taxes owed is many times the value of the property. And you will see thousands of properties where, like in the example above, the taxes owed are only about 1% or 2% of the value of the properties.

Now, think about those properties where the taxes owed are higher than the value of the property. Why would anyone purchase a property that owed more against it than the property was worth? Isn't that just like a mortgage foreclosure? And what is done there? The bank takes a big discount in order to sell it. Similarly, this parcel will not sell until the debts are stripped away. The county may offer this parcel starting at a very low number or with no minimum bid at all. Therefore, if you are taking notes, put the address down because this parcel will be in the tax deed auction sale at some point. You must develop this is the kind of critical thinking.

At the other end, those high value SFR's with 1% or 2% tax debt are great candidates for buying the tax lien certificate. You can put those addresses in your notebook also.

There's More

It was a real "Ah Ha" when I discovered the relationship of Taxes to Value. Then I looked for more. Is the Assessed Value the true Fair Market Value? No. In all areas, the Assessed Value is universally less than the actual, current market value. How much that difference is at any time, is a guess, on your part and on an appraisers part, as well as on the part of the town tax assessor. In real estate, nothing is static.

Each taxing jurisdiction has many tax exemptions that dramatically affect the Assessed Value. Because we are given this value, we must first adjust each Assessed Value for any tax exemptions that are granted to the property's owner.

Each exemption reduces the tax assessment by a different percentage; therefore, you must know the value of the each exemption and create a calculation for each. Create a column in the Excel database labeled, Exemption Value, which reflects the dollar value of the tax exemption. Then, add this amount to the Tax Owed to get an Adjusted Total Tax Owed.

You add the tax exemption's dollar amount back into the Total Tax because you will typically not get that exemption were you to own the property. To get the tax exemption, you must qualify for the exemption because you are a veteran, you are blind, or you are a senior citizen, etc.

Example: The town might give a Tax Exemption for being a veteran, for being blind, or for being a senior citizen. The value of the exemption is 10% of the Assessed Value. The property taxes are being reduced by 10 % of what the proper tax should be. If the property taxes are $2000, add 10%, or $200 to the Taxes Due.

Also, in your notes, indicate the $200/year tax increase. This is important information when figuring the ongoing costs of the property. A $200/year increase in costs is almost $17/month. This can be 5% of your monthly rental income, in a low rent situation. Costs add up.

We Are Still Not Done

For the use of an example, let's estimate that the Assessed Value is 20% less than the Fair Market Value. I inserted a column in the Excel spreadsheet and put 20% as the operator. Then, use the formula function to multiply the Assessed Value by 20% and put the result in a new column that you inserted into the spreadsheet. I label this figure Equal Rate, because it equals out the value between the Assessed Value and the

Fair Market Value.

Next, add the Assessed Value plus the Equal Rate giving you the Fair Market Value, which you insert in a new column. These columns should be next to each other and in different colors. See example.

Lastly - And Most Importantly

We want to create a column to house the ratio between the Total Taxes Due and the FMV, labeled "%Tax to FMV." This ratio will give valuable data, i.e. the Sweet Spot. This calculation is the most accurate because it uses the FMV, not the Assessed Value.

Tax Assessments Are Out Of Wack

It is very important to understand that you must use accurate values in order to make good judgments.

I make a big deal out of differentiating between the Assessed Value and the Fair Market Value because they are not the same. The difference is often 20%, 30%, even 40%. The fluctuations in property values, especially these days, affect the appraised value or FMV, but may not affect the assessed value, upon which the taxes are based.

Property taxes are ideally to be at 100% of the actual FMV of the property. It costs a great deal of money to reassess an entire town, and it could be decades between reassessments. That is why the assessed value can be wildly different from the FMV.

Tax assessors adjust the property tax values slightly each year, in keeping with the amount of taxes needed by the community. But, that does not mean that the assessed value and the FMV are in unison.

Distortion Effect

The effect of this distortion is seen when using accurate numbers.

Example: Let's say the property's Fair Market Value is $200,000. Let's further say that the Assessed Value is set at $120,000, or 40% less than the FMV. The property taxes are $6000, or 5% of Assessed Value. If the property were at 100% valuation, bringing the Assessed Value to $200,000, the same property taxes are 3% of Assessed Value.

The amount of money to the town is the same; however, the impression of high taxes is much greater with the lower assessment. There are other, more practical effects.

Opportunity Cost

This is your cost, in dollars, of a lost opportunity.

Example: Based on three years of unpaid taxes, the property is $18000 tax delinquent. Add in 18% interest, the Total Taxes Owed is $21,434. Using the values from the example above, on an Assessed Value of $120K, the ratio of Taxes to Assessed Value is 18%. But, on a ratio of Taxes to a FMV of $200K, the ratio is 11%. This is quite significant to your decision making.

Example: The owner is willing to sell, and at a great deal. I try to stay at 50% of FMV, but I never go over 60% of FMV, unless I option. The owner thinks his property is worth $200K, the actual FMV, and he is willing to accept 60%, or $120K. However, you are basing your offer on the Assessed Value, and 60% of $120K is $72K. The owner says, "NO" to your offer, thinking you a greedy and unreasonable lout, and you lose a $40K profit because of not using the accurate numbers. The $40K lost is your Opportunity Cost. You could have made it, but you didn't. At $40K, it was a really expensive seminar.

Further: Let's imagine that the property had a small mortgage against it of $40K. This equates to 33% of the properties $120 Assessed Value. Add the taxes, at 18% of Assessed Value and you get 51% ITV, Investment To Value. This is very close to the maximum 60% purchase offer, leaving very little for the owner. However, using the accurate $200K FMV value, the same $40K mortgage is only 20% of FMV. Add the taxes at 11% of FMV and you total 31% ITV.

This is an entirely different number. It is a number that you can work with. The ITV, your Investment needed, compared To the Value of the purchase, is very reasonable.

Manipulate The Data

Now you are ready to start your sorts and manipulations. I am not going into this a great deal, but put on your thinking cap and you will see all kinds of possibilities.

For example, let's say that you want to look for properties in the "Path of Progress." You could sort by Zipcode or sections of the Parcel ID. Those properties in the north side of town where the development is taking place should get extra attention. Because they are in this "Gold Zone," you might consider looking at lower priced vacant lots that you would normally ignore.

Search for out of area owners. Combine that with a search for your preferred property type and you have a good marketing strategy. The out of area owners are probably the best lead source. They are far away from the property, with little perceived control. Often they have inherited the property and do not have any real attachment to the property. A high tax bill, arriving at a time when money is tight, and with no other prospects in the offing – might be enough to get your low offer accepted.

Do you want large parcels, look at the acreage. These are typically in the rural areas. These parcels have great potential for being developed.

Do you want vacant lots by the water, look at the Property Use Code, and search the Parcel ID for them? The water is in a certain geographic area. Determine the code for that area and search the Parcel ID for properties with that section of code to arrive at tax delinquent properties by the water.

Do you want to narrow your search to a select area? Look at the Parcel ID. It is a property identifier. You can search using a range of Parcel ID's. The tax delinquent databases are so large that you must organize yourself otherwise you will waste time, energy, and money.

These ideas are valuable. This information can be your ticket to freedom!

Partial record from a genuine tax delinquent property database.

The colored columns are CoachMitch additions; special added columns that give significant information and make us much more targeted and efficient. We can now do pinpoint accurate sorts and pull out just the type of data that we want.

ACCOUNT#	SPTC	LANDV	IMPV	ASDVAL	XMPT	TOTDUE	%TaxToAsdVal	Equal Rate	20.00%	FMV	%Tax to FMV	SINCE
174800916000	A3	7,000	1,695	8,695		1,031.51	11.9%	20%	1739.00	10,434.00	9.9%	2003
207170310000	B2	30,000	83,573	113,573		13,423.73	11.8%	20%	22714.60	136,287.60	9.8%	2001
212120407000	C1	60,000	0	60,000		7,088.58	11.8%	20%	12000.00	72,000.00	9.8%	2003
339210450000	C1	12,304	0	12,304		1,453.37	11.8%	20%	2460.80	14,764.80	9.8%	2003
334061002000	A1	30,000	83,543	113,543		13,393.31	11.8%	20%	22708.60	136,251.60	9.8%	2003
101480204000	B2	12,500	54,588	67,088		7,905.23	11.8%	20%	13417.60	80,505.60	9.8%	2004
206051104000	A1	40,000	24,089	64,089		7,546.24	11.8%	20%	12817.80	76,906.80	9.8%	2000
164950216000	C1	6,866	0	6,866		808.14	11.8%	20%	1373.20	8,239.20	9.8%	1990
101091333000	A1	100,000	0	87,846	M	10,323.95	11.8%	20%	17569.20	105,415.20	9.8%	1998
272231102000	A1	43,213	166,759	209,972		24,653.03	11.7%	20%	41994.40	251,966.40	9.8%	2001
248120403000	A1	19,000	74,285	93,285	H	10,946.99	11.7%	20%	18657.00	111,942.00	9.8%	2003
139020655001	A4	36,800	91,310	128,110	H	15,029.08	11.7%	20%	25622.00	153,732.00	9.8%	2002
318380303000	A1	6,500	8,556	15,056		1,763.19	11.7%	20%	3011.20	18,067.20	9.8%	2002
212230115000	A1	35,000	24,972	59,972		7,018.68	11.7%	20%	11994.40	71,966.40	9.8%	2003
428011227000	A4	2,000	72,325	74,325		8,684.52	11.7%	20%	14865.00	89,190.00	9.7%	2003
188760104000	C1	2,025	0	2,025		235.81	11.6%	20%	405.00	2,430.00	9.7%	2002
234060929000	A1	81,000	32,203	113,203	H	13,169.70	11.6%	20%	22640.60	135,843.60	9.7%	2002
215330840000	A1	5,000	61,560	66,560		7,740.34	11.6%	20%	13312.00	79,872.00	9.7%	2003
204101004000	A1	21,000	21,487	19,974	H	2,322.42	11.6%	20%	3994.80	23,968.80	9.7%	1996
136100217000	C1	132,880	0	132,880		15,433.54	11.6%	20%	26576.00	159,456.00	9.7%	2001
170830440000	C1	13,500	0	13,500		1,567.93	11.6%	20%	2700.00	16,200.00	9.7%	2004
247170201000	F1	39,258	62,399	101,657		11,800.31	11.6%	20%	20331.40	121,988.40	9.7%	2000
188701305000	C1	2,025	0	2,025		235.01	11.6%	20%	405.00	2,430.00	9.7%	2002
190730204000	C1	2,250	0	2,250		261.12	11.6%	20%	450.00	2,700.00	9.7%	2002
188730104000	C1	4,250	0	4,250		493.22	11.6%	20%	850.00	5,100.00	9.7%	2002
117230212000	C1	1,300	0	1,300		150.80	11.6%	20%	260.00	1,560.00	9.7%	1989
180780613000	C1	6,750	0	6,750		782.73	11.6%	20%	1350.00	8,100.00	9.7%	2002
200080828000	A1	20,000	28,035	48,035		5,568.32	11.6%	20%	9607.00	57,642.00	9.7%	2001
306180216000	A1	10,000	500	10,500		1,217.12	11.6%	20%	2100.00	12,600.00	9.7%	2005
228170903000	A1	8,000	10,800	18,800		2,178.93	11.6%	20%	3760.00	22,560.00	9.7%	2003
202110906000	A1	42,500	58,058	100,558		11,651.03	11.6%	20%	20111.60	120,669.60	9.7%	2003
274301343000	A1	10,000	43,868	53,868		6,228.11	11.6%	20%	10773.60	64,641.60	9.6%	2004
180660112000	C1	15,000	0	15,000		1,734.10	11.6%	20%	3000.00	18,000.00	9.6%	2004
206100215000	C1	14,000	0	14,000		1,617.84	11.6%	20%	2800.00	16,800.00	9.6%	1989
413071003000	A1	20,000	90,220	110,220	H	12,733.59	11.6%	20%	22044.00	132,264.00	9.6%	1998
270402627000	C1	5,000	0	5,000		576.38	11.5%	20%	1000.00	6,000.00	9.6%	2003
164880631000	C1	3,000	0	3,000		345.18	11.5%	20%	600.00	3,600.00	9.6%	2002
426010105000	A1	10,000	83,231	93,231		10,723.75	11.5%	20%	18646.20	111,877.20	9.6%	2003
404070615000	C1	10,000	0	10,000		1,150.13	11.5%	20%	2000.00	12,000.00	9.6%	2003
404070326000	C1	10,000	0	10,000		1,150.13	11.5%	20%	2000.00	12,000.00	9.6%	2003
348010108000	D2	121,262	0	121,262		13,945.71	11.5%	20%	24252.40	145,514.40	9.6%	2002
345430102000	C1	10,000	0	10,000		1,149.96	11.5%	20%	2000.00	12,000.00	9.6%	2003
204130203000	A1	20,000	37,879	57,879	H	6,648.31	11.5%	20%	11575.80	69,454.80	9.6%	2002
207400101000	A1	9,000	3,093	12,093		1,388.73	11.5%	20%	2418.60	14,511.60	9.6%	1999
270383204000	A1	28,000	118,822	146,822	S	16,849.92	11.5%	20%	29364.40	176,186.40	9.6%	2001
168800952000	C1	3,600	0	3,600		412.45	11.5%	20%	720.00	4,320.00	9.5%	1994
217021509000	C1	82,400	0	82,400		9,437.40	11.5%	20%	16480.00	98,880.00	9.5%	2002
307210523000	A1	63,750	44,394	108,144		12,369.18	11.4%	20%	21628.80	129,772.80	9.5%	2002
270401735000	D1	0	0	511		58.35	11.4%	20%	102.20	613.20	9.5%	2003

-- STEP 4 --

Marketing To The Targeted List

Marketing

Marketing is the part where a lot of people drop the ball. For some reason we get locked into an idea and our ego will not let us let it go. You have been given the tools to identify any type of geographic market with www.CoachMitch.com . You now know how to get the best buyers list ever created. You know how to manipulate the tax delinquent list to create a targeted list that is exactly what you want to go after. All that is left is to do it.

There are several great techniques to accomplish your marketing. The biggest issue to overcome is for you to decide exactly what you want to do – and then do it.

Do you want a totally passive investing strategy? Sort for vacant lots in the rural areas or in poor land areas. They will be less expensive than other vacant lots nearer to town. If you were to target market letters to this group, about 1% will return a deed to you, in the mail, for $100 or less. Just sit back and collect deeds.

A student recently wanted to help their folks purchase a condo in a particular retirement community. It is a large community of over 2000 units. I suggested they look up the community in the tax records by Parcel ID number range. A search of the tax delinquent list turned up 2% of the properties in that community as being tax delinquent. That's over 40 units to look at and they are all "don't wanter's." Instead of being locked into a $510,000 mortgage, these folks could possibly get something at $200 - $300,000. The difference in monthly mortgage payment at today's rates is over $1400 per month. They could take a nice cruise every month with that savings, not to mention having more of a legacy to pass on.

It should immediately occur to you that every retirement community in the country should be investigated for tax delinquency's and is now open, fair game for you. A specially created letter to the tax delinquent's heirs might get you some very grateful responses.

Where else do seniors hang out? On the golf course! There are many vacant lots on golf courses where someone is just hoping that the vacant lot would just go away because it is eating up association fees and taxes. The retirement home is not going to be built and the lot is just a sore issue. Your communication might be just coming at the right time for this person.

I think you get the idea. The tools are in the kit to letter write, send postcards, and speak on the telephone. Just do it. Set aside a budget and go for it.

Phone Calls

A telephone call can be your most productive marketing vehicle.

You will make a lot of money if you know how to speak to prospects over the telephone. This is where you will either "make" or "break" the transaction.

You do not need to go to a property in every case. Why bother, if there is no transaction to be made? You can pre-determine if a transaction will occur by speaking to the tax delinquent, determining their "hot button," and seeing if you can fulfill their need.

Art And Science

Negotiating over the telephone or anywhere else is mostly Science, but is accomplished with Art.

One rule I follow is to speak around real estate until the tax delinquent is comfortable with me. The beginning of the conversation is called the "warm-up." It is well labeled. You want the tax delinquent to be relaxed, so that he can be open with you, so that he will lower his guard, so that you can get the information needed to engineer a win-win transaction.

Think about Thanksgiving dinner. At dinner with the family during Thanksgiving, everyone starts out being a little tense; after all, the entire family is present. But, after only a short time, with conversation flowing, laughter, and some good natured fun poking, you all relax and let your hair down - until an old piece of family business crops up and tempers flare for a moment; until you remember that this is a joyous occasion, and you all go back to a nice dinner.

A Thanksgiving like atmosphere is what you are trying to engender when speaking to a prospect. Therefore, the warm-up sets the tone for the entire conversation. Don't worry; even if tempers flare for a moment, buyer and seller are tied to each other, just like catty sisters. You both want a successful transaction, so you both will take a deep breath and start again, that is, if you have handled the situation correctly by letting the seller "win," or by injecting humor, or using some other device to lessen the tension.

This is what I mean by Science. You are deliberately doing something because you want to impact or manipulate the outcome.

Understanding that "something" must be done is the Science. Determining the proper thing to do from the endless number of possibilities is the Science. The manner in which you do the "something" is the Art.

By putting yourself in someone else's shoes, by being empathetic, you come across as being warm, caring, sincere, attentive, etc.

When you present your offer, no matter how low it is, the tax delinquent may be disappointed, but he will listen to your justifications – because you listened to his troubles, his situation, and you have convinced him that are trying to help – in the best way that you can.

Just Say "Yes"

The easiest way to make a sale or a friend is, Just Say "Yes." This is a variant of the Feel, Felt, Found negotiating tactic.

No matter what the tax delinquent says, the first words you say in response are something that the seller can interpret as positive, or "Yes." In this manner, the first feeling the tax delinquent has is positive. Anything you say later will still have the patina of that positive feeling.

Example: The property is worth $25000 and the seller says he wants $100,000. You might chuckle, to diffuse the tension. Then say, "OK. I would love to get a nice number like that also. But, if I give you your number Joe, then it's only fair that I get to set the terms." The seller is intrigued. "I will pay you $100,000 for that property, and here is how I will do it. I will give you a note for the entire amount, with no interest, and the first payment to be in100 years."

Of course, this was a silly example. Sometimes that is how examples need to be made in order to relay a point. Never get angry at anything anyone says.

First, say something that can be interpreted as being positive, like "That's interesting." "However, upon reflection, I'm sure you would agree that a thinking person, having explored all the avenues, would come to the opposite conclusion?" Pause, to let the knife really twist, then say, "I will explain…"

This would be a nice retort at an office party where your arch enemy is sucking up to the boss at your expense. It certainly would make you feel good.

However, if you want to be successful at sales, you should say, "That's interesting. I've heard that opinion expressed before, but let's look at it a little more closely and see what we find." This sounds so much nicer, less judgmental, and more open. Which of these two retorts would impress you more if you were the Boss?

Remember, because you are open, the seller will also be more open and more accepting.

Postcards

If you have the telephone numbers to the tax delinquent, then first send a postcard announcing your call. It is always better if the target knows that you have him in your sights. The target is more relaxed, accepting, and feels some control. These feelings engender false hopes, and you can take advantage of all of this.

"My associates and I are seeking property in your area of town. I hope you are interested in speaking to us about your property at (insert SBL or address) I will call you on Thursday morning before 11AM or Friday evening before 9PM to discuss the property. Should you be able, please call 1234567890."

Those interested, will be waiting for your call with great anticipation.

The Warm-up

I always like to show consideration and interest in a person right away.

"Is this Mr. Accu, Mr. Timba Accu?" - "My name is William Jones. You don't know me. I buy and sell real estate. I sent you a postcard about your property." - "Is it convenient to speak?" - "Please call me Bill, what do your friends call you?" - "I'm interested in names. What is the background of your name?"

I've introduced myself and given the reason for the call. I've lessened or taken away his fear. I've reminded him of my postcard to build respect, and I'm friendly. I have asked about his name, or anything personal, in order to create closeness and to create rapport. We have not spoken about real estate yet, but we will be speaking for five minutes, becoming friendly. This is no accident. It is Science, expressed Artfully.

-- STEP 5 --

Make Your Best Deal And Close The Transaction

Business Preparation

You should be keeping track of each mailing. Create a Folder with all information related to that mailing, including the date. Example of a Folder name: 1-1-07 Zip12345 Someplace CA Postcard #1. This tells you the date, the primary sort criteria, the locality, and the specific mailing piece used. After you have done 5 -10 mailings you will appreciate the specific naming system.

You will want to know and keep track of:

1. The kind of mailing piece used, postcard, letter, brochure, etc;

2. The specific mailing piece, i.e. Postcard #1 refers to a specific postcard; Postcard #2 will have a different message, a different intent, etc You must keep an accurate Index of Mailing Pieces so that you know what you sent;

3. The sort criteria, i.e. If you sent a general mailing or if the mailing was to some specific group;

4. The exact Excel database file that you used, every time you create a sub-list, you should put the database into its own spreadsheet and give it a specific label;

5. A tracking sheet listing each of the mail pieces used and the response, A sheet for each prospect listing their contact info and the history of the contact, including their "story";

6. A "To Do" list regarding the prospect. This is most important if you are to keep track of hundreds of people, and their personal and property issues. A To Do list is where you create your "Check Off" sheet making sure that all docs are taken care of. You will appreciate this more after you start dealing with probate and inheritance issues, with notes that have multiple owners and with multiple municipalities.

Your next action depends on how contact has been made with a tax delinquent.

The first rule is: CYA. Cover Yourself Against... false accusation and faulty memory. **Record your client telephone conversations.**

Listen to the conversations at your leisure. Be sure to listen with a critical ear. Think of other ways to express the thought. Think of better methods to evoke an emotion or a response. Remind yourself of your body language. Even speaking through the phone, your body will be part of the conversation.

If you sent a mailing piece that called for their action, i.e. calling you, sending a deed, etc, then wait a respectful amount of time and either forget them and move on, send another mailing piece, or telephone them, presuming you have a telephone number.

If you have a telephone number, you can send a mailing piece that asked the seller to contact you. You can stipulate that you would call them on a certain date in the future. Wait the stipulated 10-14 days for their contact, and then call at the appointed date and time, in 10-14 days. If you are involved in something else and it is not convenient to talk with them, then call and reschedule or have your administrative assistant (wife) call for you. Be professional.

If you are just making a cold call then you might consider doing some research online prior to the call. Instead of just calling any owner, you might create the call list based on your research. After all, why call at all if a quick look at the data does not support a transaction.

You should be ready with as much information as the Tax Collector and the Tax Assessor's offices can supply online. In this manner, you can ask pointed questions and check their answer against the information. Be careful not to jump to any conclusions. The tax delinquent might be lying to cover something up, they may have made a mistake from being nervous, or they simply don't know the answer, but felt that they should have known and made a best guess.

If a prospect contacts you by mail, first, do some initial research via the online records and only then call them back.

If a prospect contacts you by telephone, be respectful and gather information but do not commit to anything, not even to sending $100 for a deed. Choose your words very carefully. Even one slip means that you have lost your credibility.

Example: The prospect says he is in a hurry, is sending you the deed, and asks when he can expect the money. Just say, "That's great Mr. Prospect. It should arrive on the 10th. I will watch for the deed and it is possible to get you your money right away; (or, "I can send" - but not, "I will send" - a money order the very next day." Now you have a few days to check out the property. Without checking, you could be buying a tragedy. You do not need to go through an expensive "seminar." Why? Maybe the property is contaminated. If you own the property, then you must clean it up. The seller did a great deal. They got rid of a noose around their neck; put the noose around your neck, and you paid them $100 in addition.

If you get a deed in the mail, then quickly contact the appropriate County Clerk/Recorder and ask for instructions about recording the deed. You may need their specific forms and you certainly need to know how much money it will cost to record the deed and get at least two official copies which can act as originals.

If your conversation progresses well, be ready to fill out and send any and all documents. This includes the Purchaser's Agreements and Promissory Note. You must understand everything in your documentation.

Contact and Conversation

The most important thing to remember is that the seller is someone who cannot or will not handle the properties' situation. The seller's want to be rid of the situation and you have contacted them. They are hopeful but not convinced that you will solve their problem. Just remember, you are a problem solver. That will be your success.

You will have two basic prospects:

1 The "I don't care" not-so-motivated seller

2 The "Desperate" seller.

Mr. "I don't care" will try to play hard to get. He will make like he has all the time and options available even though the tax deed sale may only be three months away.

Mr. "Desperate" will not try to hide the situation but rather will try to make you feel guilty. Their main question will be, "What are you going to do about their situation?" You must guard against this. No matter what they say, their situation is not your fault.

The Key To Negotiating

I have always found that **the "key" is to be genuinely empathetic** to the seller's situation. I'll not go into all the stories that I've heard about peoples woes, but listening to them will give you the key to figuring out how to solve their situation.

The first question is the most important. The very best question to ask is: **"What are you trying to accomplish?"**

People are taken off guard by this question. It is so pointed and direct. They forget themselves and blurt out the truth, including Mr. I Don't Care.

Listen carefully because this is the seller's "hot button." The first thing they say is probably that seller's real underlying need. **This is the actual bottom line issue that you must solve.**

You must be extremely careful with what you say, how you react, your body language, your comments, and looks to those associates accompanying you, and your general attitude. If the sellers catch you in a lie or even an exaggeration, then your credibility is shaken at the least, and lost, at the worst.

Do not be fooled, these folks will cut their noses off to spite their face. They would rather lose everything than allow you to make anything more than what they think you should have. This feeling is a reflection of the tax delinquent realizing that they messed up their own situation. But no matter, you cannot seem to profit from their lack of ability by being insensitive. That is like putting salt into an open wound. Their psyche cannot take it. So they say "No." They get to "stick it to you" just like they are getting it stuck to them. It's sad but true.

Self Talk

The single best training device I have ever come across is Self Talk. This is where you talk to yourself. Not out loud, of course, but you are thinking about the sales conversation. Play the conversation back in your mind, and think how you could have made it better.

The best is to create a fantasy conversation; you can't lose. In this self talk conversation; you are

"talking" line for line, imagining what you will say,
then, what they might say back, (yes, no, maybe)
then, what you will say in response, (overcome the objection)
then, what they might respond to you, (yes, no, maybe)
then, what you might reply to them, etc. (overcome objection)

You should "ask" different questions and you should think up the possible answers. There are only a few possibilities, and not nearly as many as you imagine.

In reality, there are only three possible answers. YES – NO – MAYBE

Everything is a variant of one of these answers.

A YES is a YES. There is no mistaking it.

Anything else is a NO, but perhaps it is a MAYBE.

The key to not getting a "NO," is to ask an open ended question. This is a question where the answer cannot be a YES or a NO. With practice you will get very skilled at questioning, and the better you are, the more money you will make.

HINT: Start open ended questions with Who, What, When, Where, Why, or How?

Example: Typically, one asks in a straight tone of voice "Can you pay the taxes?" This elicits a negative, defensive feeling. Rather, you might ask, "With your situation - how can you possibly manage to pay the taxes on time?" You ask with an empathetic voice and body language. Do you see, hear, feel, and understand the difference?

Role Playing

If your wife, friend, or associate will role play with you, then that will be the best way for you to practice. This is what I do with my Coaching students. With role playing, I can take an introverted person and turn them into a confident person, at least for the exercise. That leads to the confidence that they can do it by themselves.

I also give my Coaching students a "life line." If they are out in the field, speaking with a prospect and they have hit a snag in the negotiations, or if the chemistry is not quite right, then they can call my cell phone, introduce me as their "partner" and I will try to handle the situation.

The record so far is that an introverted brand new student of mine, on his very first attempt, with only $1 – he took control of a property worth $1,600,000! -- WoW.

See the Role Playing file in the kit. If you take this exercise seriously, then this part of the course will bring you dividends beyond what you can now envision.

I Have 2 Solutions

There are only two main ways that I do transactions with a tax delinquent.

1 I try to get the property for a ridiculously low amount OR

2 I Option the property for $1. That's it.

They Have Divorced The Property

The "golden nugget" is that you must understand that if the tax auction is sometime close, within 3 - 4 months, then the tax delinquent has divorced themselves from the property. In the sellers mind, they no longer own the property because they do not realistically have a hope of saving the property. Therefore, they prepare themselves for the separation. It is a defense mechanism, just like we prepare ourselves for the death of a loved one when they have a fatal disease.

They Are Thankful For Help

It is fairly easy to understand that someone would be desperate just prior to the tax deed sale. In just a few short hours, days, or weeks, the tax delinquent will lose the home, and get nothing.

The closer in time to the tax auction, the more harried they get. If you were to time your contacts to the last three months prior to a tax auction, then you will find a high percentage who are seeking a way to move on to the next phase of their life. They need help. They do not even have the money to move. They do not know which way to turn. If you could help them then they would be thankful. That is how open they are.

Sad.

No One Else Is Helping Them – Except You

In this situation, you must be genuinely heartfull. How would you feel if you were in their position? Wouldn't you be thankful that someone is helping you to move on? You know that the property is worth more. You wish that you could get much more. But no one else is coming to give you anything. Not family, not friends, no one. No one understands your pain except this kind person who is offering to help you move.

That, literally, is how some tax delinquents are thinking. I know this because that is how they are acting and speaking. They accept the idea that they will give up the deed for moving money.

Just In Time Marketing

A great strategy is to time your marketing to arrive just prior to the advertising for the tax deed auctions. If you market to those properties that are in great danger of being auctioned off, you will get a good reception. I call this my "Just In Time" marketing strategy.

Don't forget, you are showing up, "just in time" to help in the tax delinquent's dire situation. How would you feel, if someone were to show up, just as you were to go under in a quicksand bog? You would feel hope.

Packing It In

If you can persuade the tax delinquent to give you the deed in return for helping them move, this is how you can do it inexpensively and successfully.

You can hire a U-haul for $100. For packers and movers, hire four young men at the homeless shelter at $6/hour for one day plus meals. This totals $260. Add in the first month's rent plus a month's security totaling at $1000 - $1200, plus $500 - $1000 cash. For about $2500, you can own a house worth $25 - $50000. There is no arguing. They are resigned. They know that they do not have choices. And besides, you have been so very nice.

Although I understand the other methods of real estate investing, I have chosen the tax delinquent area because I can consistently find the most motivated of all motivated sellers. All I have to do is concentrate on marketing to and buying properties just prior to the tax deed auction. Don't forget that 40% - 80% of the tax delinquent properties are free and clear. Armed with the Tax Assessor's data, I can pre-determine if there are liens against the property over the taxes. If the accumulated liens are too high, I pass. What could be simpler? No other system is as simple.

Hope Is Alive – But Just Barely

If the tax deed auction is 6 – 9 months away then the tax delinquent still has some hope that they can do "something" to save the property. They do not have a plan; they are surviving on hope alone. That is why I call this the "Hope Is Alive" period. I don't really understand why folks will play ostrich and ignore the danger signs.

In this time frame, you will still be able to get a great deal but you will have to pay a bit more. It could cost $5 - $10000. But that is still only 20¢ on the dollar! If you don't have the cash then just whip out a credit card. Imagine, buying a house with a cash advance from only one credit card.

You can also give the tax delinquent some cash, $1 - $3000, help with moving, $2000, and give a Note for the balance of the purchase price. This is a great strategy. It gives you ownership with little out of pocket, and it gives the seller a feeling that they got justice; they sold the property and got something decent for it.

False Bravado

The next important time frame is from 9 months to18 months from the tax deed auction. Here, some, not all, but some tax delinquents will give things away but many will try to ring a deal out of you.

You should understand that the tax delinquent knows the clock is running. They also know that weakness in negotiating will kill. Therefore, you will see a lot of bravado. Just know that it is false bravado. They probably have tried to sell the property, to no avail. They probably have tried to refinance, to no avail. That is in the back of their mind. Although they may seem cavalier, know that inside, they are nervous.

Plenty Of Time, Frame Of Mind

Most states have tax delinquency time frames of 2 - 5 years. That is a long time. Time enough for the tax delinquent to figure out something. It is easy to understand that they believe that "something" good will happen. They have no real plan, excepting to try to borrow from friends and family, or maybe to refinance the property, but they still are not real nervous. Here, they may be flexible but they will not give up the farm easily. They do not think that they need too.

I walk into these situations knowing that I will probably not get the "great" deal. However, I have put time and effort into getting a list, researching the property and the area, and I want to get something for my time and effort.

Coach Mitch's
famous
$1 OPTION series

Anytime I do not want to put out cash - I Option the property for $1.

I have done hundreds of Options.

In fact, I Optioned one home a day and I closed on one home per week. WoW

The CoachMitch Option has truly unique clauses in it. I am very proud of this document because it is so unique. I have never seen anything approximating my clauses anywhere.

Go to the Options file to learn how to gain control of properties with $1. Read the Options Manual with care. The negotiating conversations I outline are very effective. The best part of using the $1 Option is that it creates a confidence within you.

The $1 Option creates inventory for you. Imagine having 223 properties under Option at one time. I was my own MLS. Buyers respect you.

You have the power, because you have the inventory. Having inventory is important, 1) You impress the tax delinquent that you are a professional, with experience. 2) Having inventory says that you are a person of means, who can perform the promises made. 3) It is a means of creating income. 4) Since you have the inventory, you control the sales conversation.

Be sure to follow all instructions in the $1 Option Manual. Be sure to have blank copies of the $1 Options near you at all times, perhaps in the car.

Memorize the contract language. I have created several transactions by writing them out, one time on a paper bag, another time, using a crayon. It's legal.

WARNING – Do not underestimate the power and potential of the $1 Option. The combo of the $1 Option with a very worried seller – is lethal! Be ethical and be thoughtful. If you seek to take undo advantage, your greed glands will show and the seller will say "No." I've seen this happen more times than I can tell you.

Close The Transaction

Only 2 Ways To Close

Record A Memorandum Of Option

Record A Quit Claim Deed

That is it! It does not get any less complicated in real estate investing.

The Memorandum Of Option will give you some protection because it puts a cloud on the title. It also gives credibility when you say, "This Memorandum Of Option tells the world that we have a transaction. If anyone wants to buy this property they know to contact me." The seller now knows that there is official paperwork recorded at the County Clerk. This is real. Most people are impressed.

When you get a deed in the mail, it is an exciting event. A Quit Claim deed is the most simple of deeds. It merely transfers to you any ownership interest that the sellers have in the property. That is why to use it. It is that simple to explain.

A Warranty deed carries with it the language that the seller "warrants" or guarantees that what is in the deed is accurate or the seller will be monetarily liable for any inaccuracies.

Use the correct deed

Do not use a Warranty deed. Why? I know that it offers you more protection but how would you feel if you were selling a property for less than peanuts and the buyer (you) has the nerve to make you pay for something. You are about to lose your home, you are selling it for nothing, and to add insult to injury, the buyer (you) wants to make you liable for something. Predictably, the seller say's to himself, "Nuts to him (you). I can live without his lousy $100 or $1000. What a JERK!"

Make the seller feel good about the lousy transaction he is entering. Be considerate. Imagine you are escorting the seller to the electric chair. Would you tease him about his bad decision, or would you offer him solace? I hope for your sake that your personality does not allow you to kick a dog when it is down.

Those last two paragraphs are the type of not so obvious information and thinking that a Coach offers. That is why I offer my Coaching program.

-- BONUS #1 --

Reward Yourself

Ask any mother, one of the most important things you can do to get cooperation is to give a reward. Ask any pet owner. They will say that the dog will jump through a hoop every time, as long as it gets a reward. Teachers will say the same thing about students; they need something to motivate themselves to achieve.

Very often, it is not the reward item itself that is being sought – rather it is that good feeling of self-satisfaction that we prize. We want to feel pride in ourselves. We like it when we accomplish something. We revel in that feeling. We want more of it. The reward is simply a way of keeping track of our accomplishments. The reward also extends the memory of pride, so that we relive that wonderful moment often.

Be a self starter

A good way to become more of a self starter is to reward yourself when you have accomplished something, anything.

Being a self starter means that you are your own inspiration. You have the capacity to determine your goals and you have the ability to create the plan to achieve the goals.

Fake It Until You Make It

A good way to fake yourself out is to set a low goal, a goal that is very achievable, but one that you still have to work for. Then reward yourself with something small. After all, it was an easily achieved goal.

Next, increase the difficulty of the goal and increase the reward. Don't deny yourself, you deserve the reward. I like to carry around a nice pen and pencil. I like a nice watch. I like to go out to dine. Having a nice suit is a good thing. These are all good choices and within the affordability range of almost all.

After a bit, you will simply challenge yourself for the fun of it, for the pride of it. Also, after a bit, you will get used to having a nice pen and pencil set, and you will buy another when you lose the pen, because you deserve it.

Understand that what you are doing is brainwashing yourself. It is like doing affirmations. You are doing a form of self-hypnosis. These techniques work – because you are working.

This is what I do

When working, I keep on going until I make a "sale." If I'm not having a good session, a "sale" may mean getting an appointment. However, if I have made several appointments then getting a "sale" may mean taking a seller to the next level or maybe to an actual conclusion.

I like to push myself a bit. This practice has created many sales because I have developed the habit of continuing to try – I don't give up if I am making some headway.

Examples:

1 Earlier in life, if I was doing pushups, and I was at 85, I would not stop until I had done 100.

2 If I have made 22 phone calls, I keep going until I reach 25, 30, or some number that allows me to feel like I have accomplished a worthwhile task, especially if I feel disgusted or tired or down.

3 If I am tracking down leads and must leave a message, I will leave three messages, not just one, or two. Three messages are enough to let me feel

that I have made a good effort at contacting the lead, but not enough to make me feel degraded. When the third message has been left, I feel good.

For me, "the sense of completion" or achievement is often the reward. It builds confidence, a stick-to-it attitude, and an understanding that nothing is easy.

Pre-select your rewards

I have selected a few items that I will reward myself with. Some are constant and some change, according to my current need.

The most important idea is that there will be a reward when I want it and that the reward has a significant meaning to me.

Examples:

1. Long ago, I achieved a goal and rewarded myself with a nice pen and pencil set. From that point on, I have felt that I deserve to have a nice pen, even though I lose them from time to time.
2. It was time to get a new vehicle. I made a nice profit on a transaction and bought the car that I wanted, a Cadillac Eldorado – for all cash.
3. When we completed building a house, I took out my entire crew for a celebratory meal.
4. One of my salesmen needed a vehicle, so when he sold something valuable, I arranged for a car loan for him.

Be selective with rewards

You will notice that I do not endorse the idea that I should be rewarded each and every time that I achieved something. I only reward myself when it is important to me. To increase my motivation, I force myself to postpone getting something that I want or need until I have made a sale. That makes me work a bit harder on trying to make that sale, and I usually make a better deal.

Helpers

Some people say to put pictures of things that you want on to your refrigerator, so that you can be constantly motivated to move toward your desire. I do not need that kind of motivation but please use or develop whatever tools you can to help you move in the right direction.

Affirmations

Another technique is the use of affirmations. I heartily endorse affirmations. They have been very successful every time I have used them. An affirmation is a phrase that you say to yourself or out loud, over an extended period of time.

The verbiage must be positive and meaningful to you. Over time, your subconscious will believe what you are feeding it. For example: "I feel good. I feel fine. I feel healthy. I am happy. I feel strong." These are basic. You can move on to: "I will have a successful negotiation. I will overcome any obstacle. I will achieve my goal." You can even be specific: "I will be empathic and use feel, felt, found consistently. I will make enough on this transaction to buy the 1966 Mustang."

Rewards

Rewards are basic to our desire to better ourselves. Use any tool you can to put yourself forward. To be successful is the goal.

-- BONUS #2 --

Do It Again

There is nothing fancy about this. The more you accomplish, the more you will want to accomplish. Do three sizable deals and then go on a cruise or something similar with your honey. Or take a friend and pay their way.

The only rule is - control your greed glands. If you stay heartistic, if you feel their pain, if you genuinely try to help them, within your guidelines, then you'll have success.

One Hit Wonder

The music industry is littered with artists and groups that had only one big hit. This fact has always bothered me. The artist or group of artists had the verve to do what was necessary and come up with one hit, yet, somehow, they could not put together the combination of attributes to do it again. I have never been able to determine why a successful person stops doing what made them a success.

Doing one good transaction and not doing another should not happen to you because there is an endless supply of people in trouble. The numbers of properties that are tax delinquent are huge. Your ability to contact tax delinquent folks is getting easier all the time, what with databases that can track anyone, anywhere, at anytime.

Fear of a negative situation occurring should be slight because you can always say, "No thanks. I'll pass for now. I'll get the property at the tax auction."

Control your greed glands

To control our natural tendency toward greediness is very hard, but necessary. People will pick up your desire to take what is theirs and they will close down. Your ability to "do it again" will be severally hampered if you cannot control yourself.

Imagine yourself in the delinquent's situation. Before saying or doing anything, imagine what your reaction would be to that statement or action. You can still get the information, and you can still do what you want; it just needs to be done in a manner that is acceptable to the person who is in trouble. Be empathetic.

Charity and Give back

A wonderful way to control your greed is if you participate in charitable events. Join Not-For-Profit organizations. Choose your type of organization and have fun: religious, fraternal, political, health, fun, practical, etc. Become involved and be a leader in the group.

Be a leader

The main reason that people do not succeed is that they do not want to confront. We want things to go smoothly. We want others to say, "Sure, that is a great idea. I agree with everything you say."

We are not comfortable arguing, debating, or trying to convince. We certainly are not comfortable saying, "I don't agree..."

We are not even comfortable saying, "What about this idea." As a result, we do not put ourselves forward and we lose the opportunity to present our ideas, our personality, and our vision. Most will justify their lack of action because they do not want anyone to think less of them, or to be mad at them or have anyone be disappointed in them, or they just don't want to be embarrassed. These feelings are legitimate.

Justify your ideas and yourself

We all have opinions. If your opinion is informed, then you should be able to make credible arguments in the defense of your idea.

An informed opinion includes understanding other opinions and knowing why you do not adhere to those points of view. The best situation is if you were able to speak clearly about all the sides of an issue. It shows that you are a reflective person and not reflexive or automatic in your beliefs. It shows that you consider many ideas and points of view before coming to your ultimate opinion.

People follow those who lead. By putting yourself forward, you develop your leadership skills and ability. But most importantly, by putting your forward, you develop your own confidence. It is this confidence that will allow you to try, and then to try again. If you fail a second time, your confidence will force you to try again.

Only a maximum of 20% of us are leaders. The rest of the population are followers. They are not comfortable stepping into a leadership position or taking chances – although they fancy themselves as being bold or even courageous. However, our defense mechanisms quickly kick in, and we forgive ourselves, when we do something disappointing.

Unfortunately, this means that even though many will gather enough courage to try something once, they will not do it again, even if they had a successful event.

"Fake It Until You Make It."

We must force ourselves to do what is not natural, until it becomes natural. There is no other way. This is the way we learn, through rote, doing it over, and over, and over again.

For example, when receiving something, parents often say to their youngsters, "What do you say?" and the child knows to iterate, "Thank you." That is how we learn manners, by being reminded repeatedly. How do we learn multiplication? We learn it the same way we learn most things, by rote. We are forced to memorize the multiplication tables. How do we get good at a sport or a musical instrument? We must practice and practice and practice some more. This process is repeated many, many times in all phases of our life.

Do it again and again

How do we get proficient at finding motivated situations; how do we get comfortable speaking with motivated sellers; and how do we make and close transactions? We practice. We do it over, and over, and over again. **We know that we will not get every deal, but with practice, we know that we will get a deal - and with fewer calls. With practice, we know it will get easier.**

Bonus Step #2 is – Do It Again.

Coach Mitch's ***"Ridiculously Simple System..."*** is broken down into bite sized chunks. Each step is very doable.

When interacting with government officials, you are working with professionals. If they are treated as professionals, then they will usually respond as a professional. If someone is not doing what you want them to do, the System gives you the tools that you need to overcome every situation.

If someone wants a high price, the System has the answer.

If someone won't sell at your price, the System has the answer.

If someone is being unreasonable, the System has the answer.

The System has all the answers.

You are the only unknown. What will you do?

If only you will just try, the System will have the answer.

All you need do is - not give up. You succeeded once - just do it again, and again, and again...

Call me with any situation – or if you just want to talk.

To your success,

Mitchell Goldstein – **Coach Mitch**
518-439-6100 until midnight EST

