

CONTENTS

LIST OF DOWNLOADABLE FORMS		xiii
INTRODUCTION	Real Estate Options: What They Are, How They Work, and Why You Should Use Them	xv
	What you need to know about real estate options. • The difference between a straight real estate option and a lease-option. • The seven key elements of a real estate option transaction. • How a real estate option transaction works. • Why you should add real estate options to your repertoire of strategies. • Twenty-four good reasons to buy options instead of properties.	
PART I		
HOW YOU CAN MAKE MONEY IN REAL ESTATE TODAY WITHOUT EVER BUYING ANY PROPERTY		
CHAPTER 1	Why Real Estate Options Are Less Risky, More Profitable, and Easier to Use Than Most Property-Flipping Strategies Being Taught Today	3
	Why most property-flipping transactions are under intense scrutiny. • Five obstacles that investors must overcome when flipping properties. • Six costs that eat up profits when flipping properties. • Why the concurrent closing strategy is usually extremely hard to implement. • Why it makes more financial sense to flip options instead of properties. • How savvy investors can use real estate options to provide just-in-time property.	
CHAPTER 2	The Most Profitable Types of Properties to Buy Real Estate Options On	10
	Why you must be able to visualize a property being put to a variety of other uses. • The seven most profitable types of properties to buy options on. • Why it's best to specialize in at least two different types of option properties. • How I turned a \$500 option into a \$15,000 profit in less than 30 days.	
CHAPTER 3	What It Takes to Be a Profitable Real Estate Option Investor	21
	Why a positive mental attitude is the most essential element in achieving success. • Twenty reasons most people fail to make it as real estate investors. • Why you must use today's technology in your option investment business. • How to	

set up a home office for your option investment business.

- Why you shouldn't form a separate business entity before you do any deals.

PART II

FIVE REALISTIC STRATEGIES THAT YOU CAN USE TO MAKE MONEY WITH REAL ESTATE OPTIONS TODAY

CHAPTER 4	How You Can Use Options to Make Money from Obsolescent Properties That Can Be Put to More Profitable Uses	33
	Why properties with curable obsolescent flaws make ideal option properties. • The three types of obsolescent flaws that cause properties to lose value. • How obsolescent properties can be put to their most profitable use. • Why option investors are usually buyers of last resort for obsolescent property. • What you should check for when you come across an obsolescent property. • Why you must be able to think outside your local real estate market.	
CHAPTER 5	How to Use the Lease and Option Strategy to Make Money with Single-Family Houses	41
	Why most of the lease and option strategies being taught today are not profitable. • How a lease and option transaction works. • Why you must always use separate lease and real estate option agreements. • Six key terms that must be negotiated in all lease and option agreements. • The best type of house to use the lease and option strategy on. • The property owners who are most likely to agree to a lease and option deal. • Memorandum of Lease Agreement	
CHAPTER 6	How You Can Use Options to Profit from Properties with Correctable Problems	52
	Six main conditions that cause property problems. • Why government agencies can be an excellent source of problem property leads. • The two types of problem property owners you are most likely to encounter. • Three types of problem properties that scare off most conventional investors. • Why properties with problems that require specialized knowledge to solve are the most profitable.	
CHAPTER 7	How to Use Options to Control Properties That Can Be Rezoned for More Profitable Uses	59
	How the rezoning process works in most jurisdictions. • What you must include in your rezoning application package. • Why you must know who the anti-rezoning zealots are in your area. • How to quickly determine if a potential option property can be rezoned. • Why it's best to take the path of least resistance when applying for rezoning	

approval. • What you need to do when buying an option on a property you want rezoned.

CHAPTER 8	How You Can Use the LASH Strategy to Profit from Long-Term, Flat-Rate Master Leases and Real Estate Options	66
	How the LASH strategy works. • Where to find valid lease agreements. • Twenty key provisions that must be included in your master lease agreement. • Three ways to best protect your position as master lessee. • Four key points that must be negotiated in a master lease. • Why tenant selection is the most important aspect of the rental property business.	

PART III
A 12-STEP PROCESS FOR BUYING AND RESELLING REAL ESTATE OPTIONS

CHAPTER 9	How to Use the Internet, Property Wanted Ads, Bird Dogs, Finder’s Fees, and Direct Mail to Locate Properties to Put under Option	81
	The most important advice in this entire chapter. • How to locate all of the out-of-town property owners in your county. • How to use a property wanted web page to search for properties online. • How to use classified property wanted ads to find potential option properties. • Fourteen questions to ask owners calling about your property wanted ads. • How to use bird dogs to find potential option properties that are not advertised. • Downloadable Letter to Vacant Property Owners.	
CHAPTER 10	How to Perform Due Diligence on a Potential Option Property	95
	How to use the Internet to perform due diligence research on properties. • Why you should do a Google search of the property owner’s name. • Where to find the names of all the property owners in your county. • Where to search for property records online. • What to do when your county’s property records are not available online. • How to locate the owners of vacant properties. • What you must double-check on every potential option property. • Ten questions you must ask owners before you ever buy a real estate option.	
CHAPTER 11	How to Thoroughly Inspect a Property before You Buy an Option to Purchase	112
	How to locate a competent building inspector. • How to conduct a thorough property inspection. • How to inspect suspicious properties for environmental contamination. • Why you must be on the lookout for indoor mold when	

inspecting properties • Thirteen Property Inspection Checklists.

- CHAPTER 12** How to Accurately Estimate a Property's Current Market Value 131
- The difference between a property's assessed value and its appraised value. • The three common methods used by appraisers to estimate property values. • How to calculate a property's capitalization rate. • How to use gross rent multipliers to estimate an income property's value. • Property Appraisal Report Checklist. • Monthly Income and Expense Analysis Worksheet. • Property Fix-Up Cost Estimate Worksheet. • Estoppel Letter to Lenders. • Current Market Value Worksheet.
- CHAPTER 13** How to Negotiate Low-Cost Options and Below-Market Purchase Prices with Property Owners 145
- Six basic rules to follow when negotiating with property owners. • Thirteen crucial terms that must be negotiated in every option agreement. • Five negotiating tools that you can use to obtain lower prices and better terms. • Five FAQs property owners often pose when negotiating real estate options. • Why you must negotiate a fixed purchase price at the time you buy the option. • What to do when a property owner rejects your initial offer to buy an option.
- CHAPTER 14** How to Prepare Your Option Agreement So That You Are Fully Protected during the Option Period 157
- The three essential elements of a real estate option agreement. • Nineteen clauses that must be included in your option agreement. • Why you should hire an experienced, board-certified real estate attorney in good standing to prepare your option agreement. • How to find a board-certified real estate attorney in your area. • Why all real estate agreements must be properly witnessed. • Real Estate Option Agreement.
- CHAPTER 15** How to Use Title Insurance to Insure Real Estate Options 166
- Why most title insurers consider real estate options to be risky. • What a standard real estate option endorsement doesn't insure. • What title insurers look for in a real estate option agreement. • Three factors I always consider before insuring an option. • Letter to Title Insurers.
- CHAPTER 16** Why All Property Title Transfer Documents Must Be Held in Escrow during the Option Period 173
- Four documents that must be signed by the optionor and held in escrow during the option period. • Why a signed warranty or grant deed is better than a performance mortgage. • Why you should record a memorandum of real estate option agreement.

CHAPTER 17	How to Close on the Purchase of a Real Estate Option What to do if the optionor refuses to sign all of the documents at the closing. • Why it's best to use a board-certified real estate attorney to close transactions. • Joint Escrow Instructions. • Memorandum of Real Estate Option Agreement.	177
CHAPTER 18	How to Clean Up a Property under Option to Maximize Its Curb Appeal and Resale Value How to complete a fast property cleanup on schedule and within budget. • How to clean up and secure a vacant property under option. • How to find competent professionals to clean up your properties. • How to avoid being ripped off by unscrupulous cleaning contractors. • What you need to know about your state's construction lien law. • Cleanup Cost Worksheet.	184
CHAPTER 19	How to Package, Market, and Resell Your Real Estate Options for Maximum Profit How to calculate the resale price for a real estate option. • How to package properties to fully highlight their best features and future potential. • How to overcome the "fear-factor" that some prospective buyers may have. • The five best methods to market properties that you own real estate options on. • How to use the Internet to market your properties globally. • How to sell your real estate option agreements. • How income from the sale of real estate options is treated for tax purposes. • Assignment of Real Estate Option Agreement. • Notice of Assignment of Real Estate Option Agreement.	192
CHAPTER 20	How to Exercise Your Option and Buy the Property How to exercise your real estate option. • How to purchase a property under option. • Fourteen key provisions that must be included in your purchase agreement. • Three contingency clauses that must be included in your purchase agreement. • What you need to know about the Real Estate Settlement Procedures Act. • Four things that must be done in conjunction with the closing. • Exercise of Real Estate Option Notification Letter. • Real Estate Purchase Agreement. • Buyer's Closing Checklist.	205
RESOURCES	Over 100 real estate-related web site URLs that all serious real estate option investors need to have bookmarked on their personal computer.	216
ABOUT THE AUTHOR		221
INDEX		223

