

## Tenant Tips

An occasional newsletter to help -re-read these non-guaranteed ideas., Then learn more !

**As promised:** Small investments which can produce big results, but I can't guarantee profits. Jesus quoted in Matt. 25:27-29 "Then, you ought to have put my money in the bank, and on my arrival I would have received my money back with interest ... [read it]". How? **Ask every detail**, find mentors & repeatedly re-do the investment you choose. Internet & seminars have free information.

**RENTING BEATS OWNING** says me who benefits from your renting - but, here are some true benefits: **1)** monthly rental costs about 1/3 less than paying a mortgage, which saves more than the annual tax deduction for mortgage interest; **2)** renter's security is high because owner's don't want you to move as they can never make up the lost month + even if an owner's property is foreclosed, his bank wants occupants to keep their insurance down and the bank and its buyers often "overlook" rent due; **3)** shocking costs to the owner are not your problem like: water heaters, roof leaks, insurance co. repair demands, slab water leaks, painting, appliance replacement; **4)** rents usually do not cover even the owner's mortgage + tax + insurance costs. So, why own? Hope springs eternal for appreciation, but after 5 years? **5)** Any decrease of house value from former market value evaporates all that paper equity which had kept with much effort; **6)** looking, paying 1<sup>st</sup> & last & pet security & cleaning where you left, renting moving van & a keg/pizza for friend-helpers, replacement of discarded items, new telephone - water- electricity deposits or stationary cost more than the move is worth. **CONCLUSION** - invest outside of your home as **emotion usually pulls us to own!** So, how?

**REAL PROPERTY TAX SALES: A)** Some states like Texas, Calif. and others actually auction the dirt, which may, but rarely include a house for about 1/2 of its true market value, when the taxes haven't been paid for about 5 years. Prices truly often start at less than \$1000 (for bare lots, which don't require insurance or tax pays for 5 years) and seldom are there competing bidders! Houses though sell for much more. After the state time for the old owner to sue to void the tax-sale itself has past (like 6-24 months varying among states), a title co. will guarantee your buyer that you can sell to them. Texas tax-sale lots might be resold in 6 months though news papers/Craig's-list might produce twice what you paid producing 200% per year profit!! Selling with paper adds in big-city papers to grandparents for their grandkid, for a down + a secured promissory note at say 8% gives you current cash-flow & considerable profit. All Tx. counties sell on the first Tuesday of each month. Note: If you sell a profitable purchase in 1 year after a Tx. purchase, 100% profit, but 2 years = 50%, 3 years = 33% etc. Understand? If not call. States' county tax-collector internet sites tell you when, where and how to buy, and some give much data. Try without agents. Counties R different. SECRET- Co. surveyor has reliable maps, sizes & neighbors.

**B)** Other states like AZ., MI, FL, NV, UT, etc. auction what is owed by the property owner to the bidder who will pay the county the highest interest on the property owner's tax - **TAX CERTIFICATES**. If the owner doesn't redeem in a certain time like 3 years in AZ, the successful bidder can ask for foreclosure and pay the minimal costs of same and get the dirt. A tax sale wipes out the bank's mortgage (so bank's usually pay the tax) and even FDIC, which may own the bank's mortgage since FDIC is so "fat" it can't respond to county's notices within 60 days because each state's constitution has like Ca. Tax Code§32.05(b) ----! Many properties are "struck-off" at tax sales because no one bids on them, thus allowing potential buyers to literally go to the school district, garbage district's office, etc. & offer to buy off their tax lien for even less than the "minimum bid" at the tax sale. 3500 tax collecting jurisdictions in USA provides plenty of opportunity. To resell, some title company will demand at least end of any redemption period for owner to pay tax and interest and penalty to you, which period is 6 months (Tx) to 1 year (Ca.) plus end of period to challenge legitimacy of tax sale itself as that parcel numbers were incorrect etc. further extending time to hold 'til you can find a title company to insure your title to buyer. "Thumb rule" = don't pay more than 1 1/2% of FMV of single family residence at tax sale and never buy a 2<sup>nd</sup> or condo with monthly HOA payments. More advise in Loftis book, Profit by Investing in Real Estate Tax Liens 800-621-9621; & [www.johnbeck.tv](http://www.johnbeck.tv) "Amazing Profits".

**BIG ROTH Retirement Benefits:** Contributions to 401k, and other retirement programs are deductible BUT NOT to ROTH programs. So, many think ROTH's are not for them. Those deductions seldom save more than 15% and make only about the inflation rate in their investments meaning that when withdrawn at retirement you have about the same "buying power" that you put into the retirement 401k. HOWEVER, if you contribute to a ROTH program at your bank, stock broker or through an independent trustee/administrator, although you do not save a miserable 15% in tax, your profit in the ROTH is NEVER taxable even when you take it out! TREMENDOUS! So, buy a tax-sale property through a self-directed IRA at 50% of market and sell in a year means double your money without any tax! "A word to the wise is sufficient".

**DIRECT STOCK PURCHASE** from the company without a broker fee providing corporations with a history of dividends & hope for appreciation IF you guess the right kind as energy and health services for our aging population, but there's usually a \$25 transaction fee whether you buy 1 or 100. \$20 catalog from gmoreno@temperenrollment.com /800-388-9993 for over a thousand "big-name" companies selling directly. ROLLING STOCK = After you have 100 shares of a share, you can sell the option to buy your 100 share through a broker to another if they rise to a certain amount. You keep the option money whether they are bought or not, and they usually are not. Do it again and again to roll your stock over and over with these "covered calls" making money each time. Old fashioned but valid technique.

**COLLECTIBLES** like expensive stamps/coins (\$100?+), desirable books, signed baseballs, Hummell/Lladra Figurines, but you MUST learn how to sell on internet OR sell at home meetings of your friends and contacts. First decide HOW you can resell them. Selling collection parts IS BETTER than selling all of a collection as you then sell its common parts.

**EVERBANK.COM**, Jacksonville, FL. brick bank 400K customers sells England, Australia, Canada, Austria, New Zealand, etc. certificates of deposit & gold, silver, and more for uninsured but high profits for lower risk-takers.

**BANK'S "CHRISTMAS CLUBS" etc.** for automatic transfers to a savings account or like Bank of America's adding the change 'tween what you paid and the next dollar to a savings account do work as everyone should have enough reserve to pay for: moving first and last; car repair; kid's broken arm; funeral travel; 7K funeral expenses; 2+ months living expenses on job loss; surprising bail.

**INTERNET DROP-SALES** where your site advertises products shipped from a "drop-shipping" ware-house which ships to your customers with your label and you profit IF: 1) you can somehow get customers to your site, as by selling something on Craig's and telling your buyer there's more at your site at ... + 2) you have credit-card charging rights +3) BEST prices or competitive advantage to attract customers!

**MORE SAVINGS:** LO-flow shower heads. Call your water supplier for a free one!

**PROPERTY FINDERS** can be paid very well if they have a non-disclosure non-compete contract with wealthy investors who buy the found bargain and split the profits with finder under an equity share agreement. With bank wholesale phone number, computer ways to isolate bargains and list of banks which MUST sell NOW, gives finder ability to buy foreclosed houses at great discount. Call if you are interested.