

Financial Wealth

(fǐ-nǎn shəI, wěIth)

n. The unearned income to finance your life mission without having to work.

The Millionaire Real Estate Investor is dedicated to the men and women who have a passion for their work and yet dream of someday achieving financial independence, of someday being able to finance their mission in life without having to work. This book is dedicated to all those who want the biggest life possible, who are actively seeking ways to finance that vision, who want to go as far as possible with as few roadblocks as possible, and who want to say that at the end of the day, “I’m glad I did” instead of “I wish I had.”

THE POWER OF PROVEN MODELS OVER TRIAL AND ERROR

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**Your Highest Level of
Achievement**

**Where You Begin
with Action Based
on Proven Models**

**Your Natural Ceiling of
Achievement**

**Where You Begin
with Action Based
on Personal
Experience**

**Trial &
Error**

THE FOUNDATIONAL MODEL OF THE MILLIONAIRE REAL ESTATE INVESTOR

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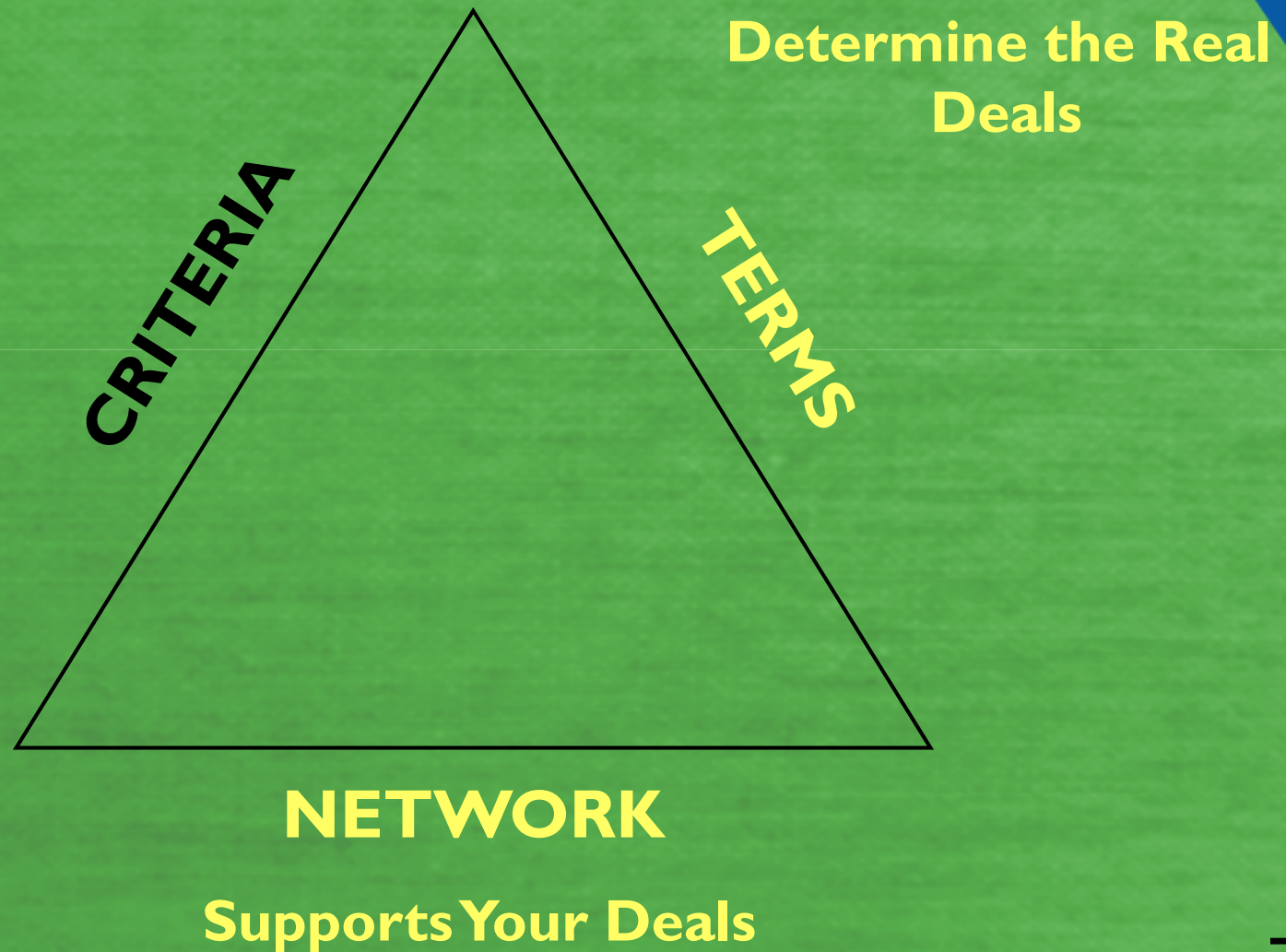
Identify Potential Deals

CRITERIA



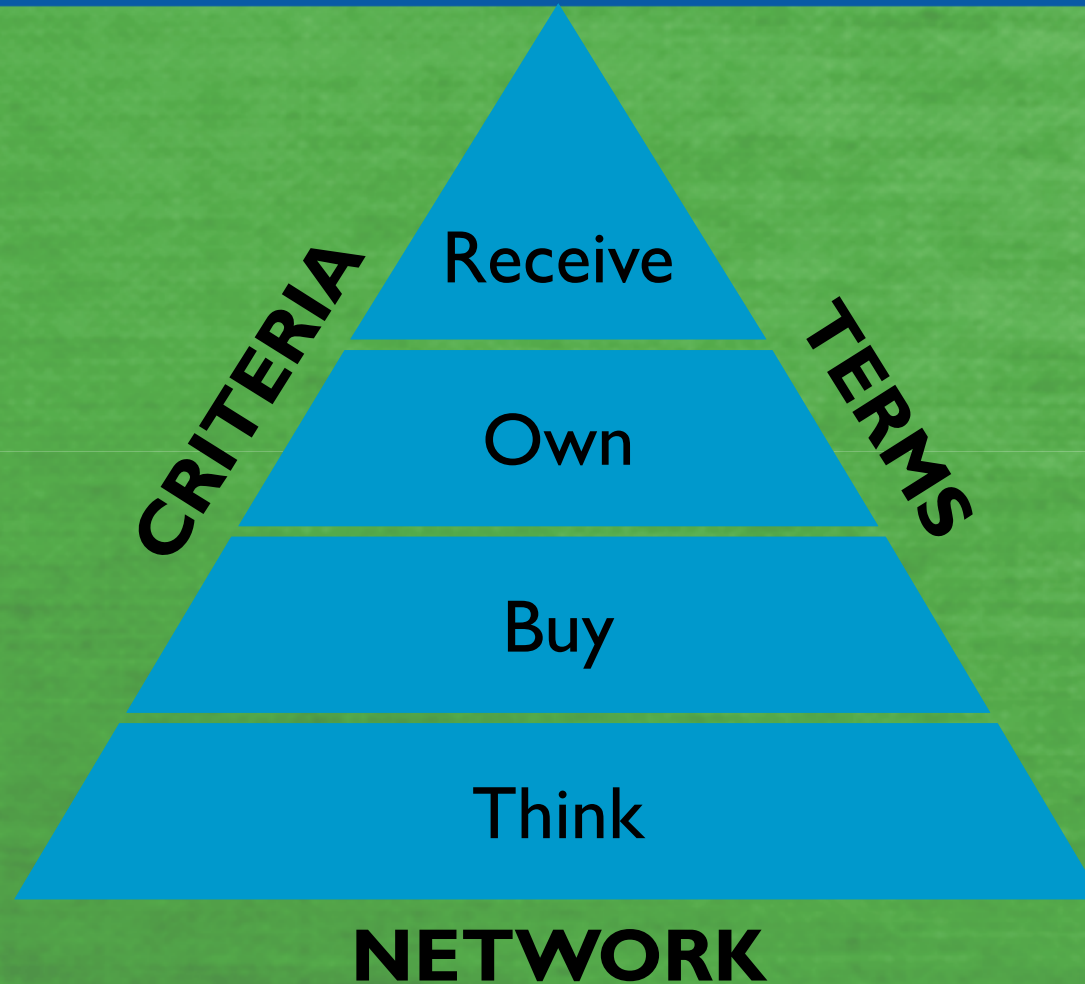
THE FOUNDATIONAL MODEL OF THE MILLIONAIRE REAL ESTATE INVESTOR


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THE FOUNDATIONAL MODEL OF THE MILLIONAIRE REAL ESTATE INVESTOR

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Overcome Your MythUnderstandings

EIGHT MYTHUNDERSTANDINGS BETWEEN YOU AND FINANCIAL WEALTH

Three Personal Myths

1

Myth: I Don't Need to Be an Investor — My Job Will Take Care of My Financial Wealth

Truth: Yes, You Do Need to Be an Investor — Your Job is Not Your Financial Wealth

2

Myth: I Don't Need or Want to Be Financially Wealthy — I'm Happy with What I Have

Truth: You Need to Open Your Eyes — You Do Need and Want to Be Financially Wealthy

3

Myth: It Doesn't Matter If I Want or Need It — I Just Can't Do It

Truth: You Can't Predict What You Can or Can't Do Until You Try

EIGHT MYTHUNDERSTANDINGS BETWEEN YOU AND FINANCIAL WEALTH

Five Investing Myths

- 1** **Myth:** Investing is Complicated
Truth: Investing is Only as Complicated as You Make It
- 2** **Myth:** The Best Investments Require Knowledge Most People Don't Have
Truth: Your Best Investments Will Always Be in Areas You Can or Already Understand
- 3** **Myth:** Investing is Risky — I'll Lose My Money
Truth: Investing, by Definition, is Not Risky
- 4** **Myth:** Successful Investors are Able to Time the Market
Truth: In Successful Investing the Timing Finds You
- 5** **Myth:** All the Good Investments are Taken
Truth: Every Market has Its Share of Good Investments

**Think
A
Million**

THE SEVEN WAYS MILLIONAIRE REAL ESTATE INVESTORS THINK

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- 1. Think Powered by a Big Why**
- 2. Think Big Goals, Big Models, and Big Habits**
- 3. Think Money Matters**
- 4. Think Net Worth**
- 5. Think Real Estate**
- 6. Think Value, Opportunity, and Deals**
- 7. Think Action**

THE BIG WHY

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BIG GOALS, BIG MODELS & BIG HABITS

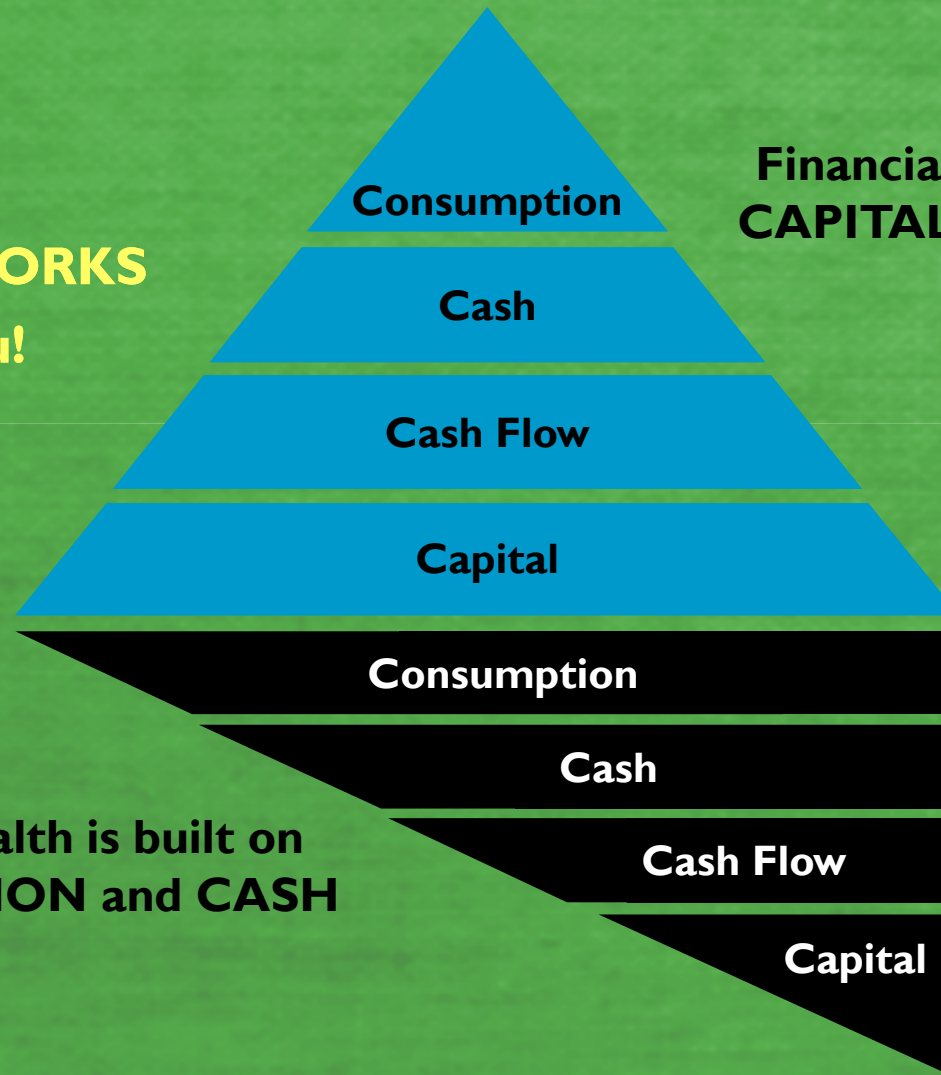
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- 1. Big Goals** — The specific, measurable targets that fulfill your Big Why.
- 2. Big Models** — The proven systems and strategies for reaching your Big Goals.
- 3. Big Habits** — The consistent actions and right choices that come from following Big Models.

THE MONEY MATRIX

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Page 89

**MONEY WORKS
for you!**



REAL ESTATE ☐ A MOST “ABLE” INVESTMENT

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Page 99

- A. Accessible – Anyone can buy it
- B. Appreciable – Increases in value over time
- C. Leverage – Buy on margin & borrow against equity
- D. Rentable – Cash Flow! Cash Flow! Cash Flow!

REAL ESTATE ☐ A MOST “ABLE” INVESTMENT

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Page 99

- A. Accessible – Anyone can buy it
- B. Appreciable – Increases in value over time
- C. Leverageable – Buy on margin & borrow against equity
- D. Rentable – Cash Flow! Cash Flow! Cash Flow!
- E. Improvable – Sweat equity
- F. Deductible/Depreciable/Deferrable – Great tax benefits
- G. Stable – Slow to rise & slow to fall
- H. Liveable – Shelter in more ways than one

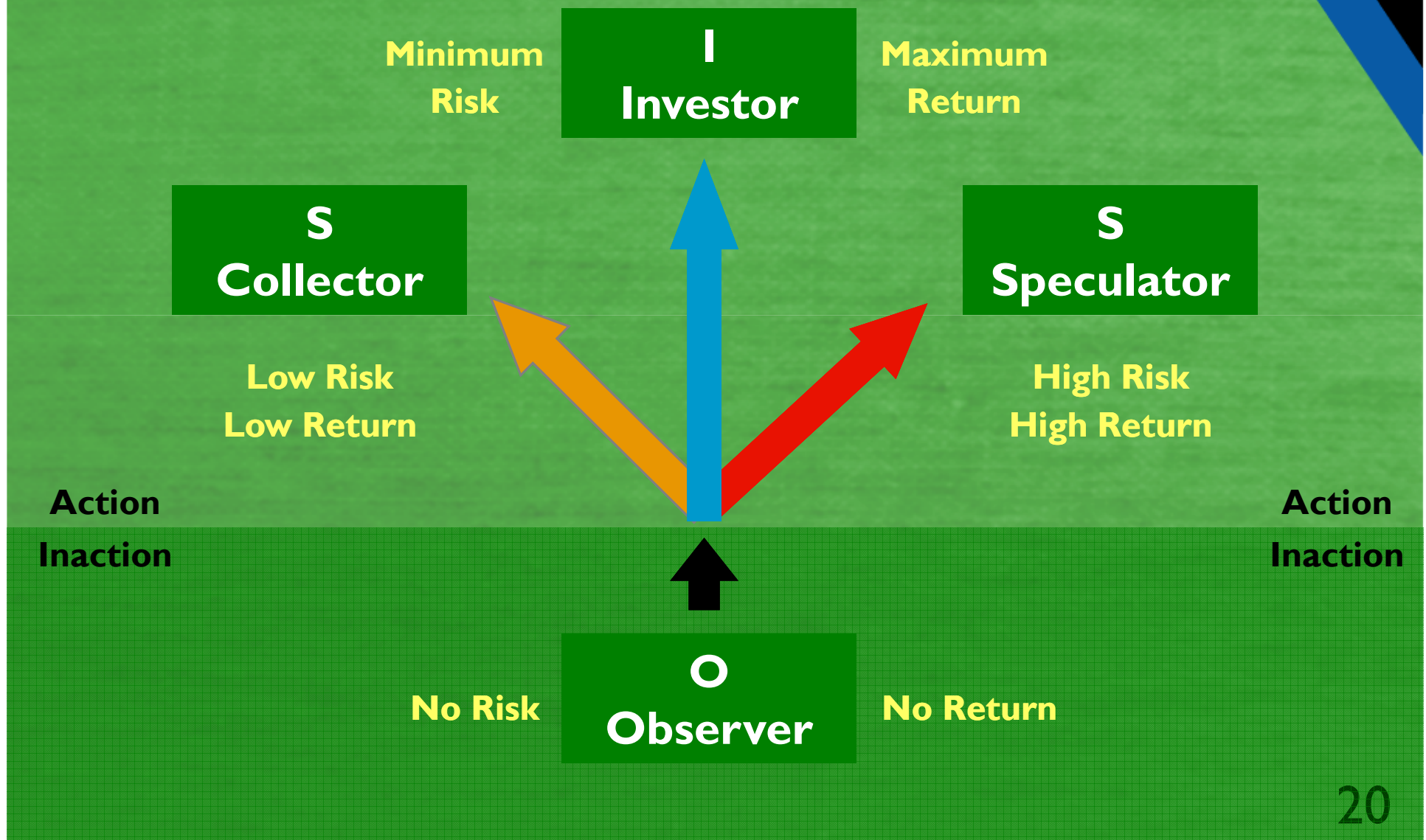
THINK VALUE, OPPORTUNITY & DEALS

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Think Action

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**Buy
A
Million**

THE FIVE MODELS – KEY AREAS

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1

Net Worth Model

- Learn the Path of Money
- Budget for Investments
- Make Investments & Track Net Worth

2

Financial Model

- Understand the Triple Benefits of Real Estate:
 - Cash Flow
 - Appreciation
 - Debt Pay Down

3

Network Model

- Network for Knowledge, Leverage, and Leads
- Build your Investment Dream Team

4

Lead- Generation Model

- Establish your Criteria
- Prospect & Market for Real Estate Investment Opportunities

5

Acquisition Model

- Master Terms for Making Offers and Closing Deals
 - Buy & Sell
 - Buy & Hold

I

Net Worth Model

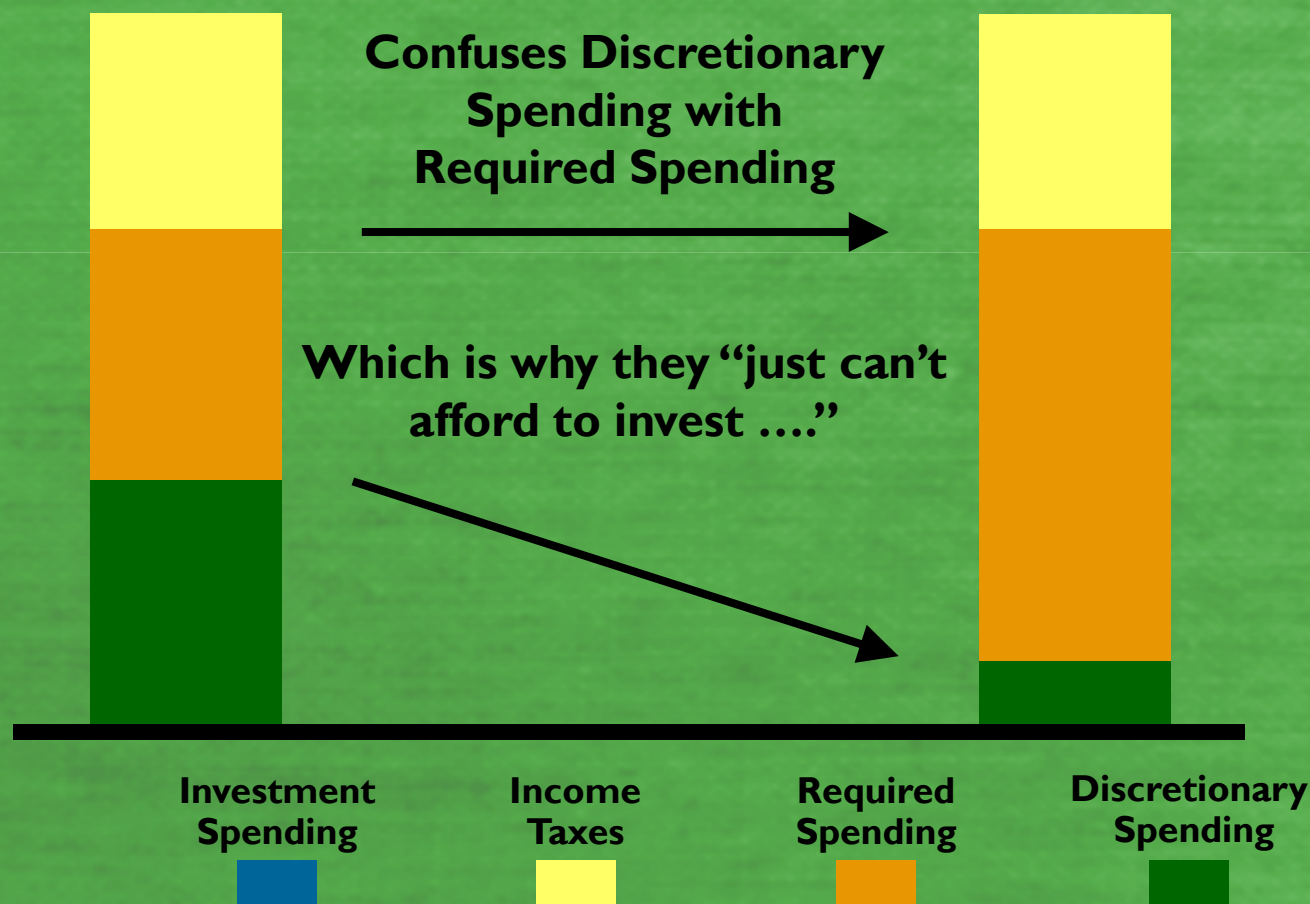
- Learn the Path of Money
- Budget for Investments
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HOW A CONSUMER SEES THEIR BUDGET

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CONSUMER'S
BUDGET

CONSUMER'S
PERCEIVED BUDGET

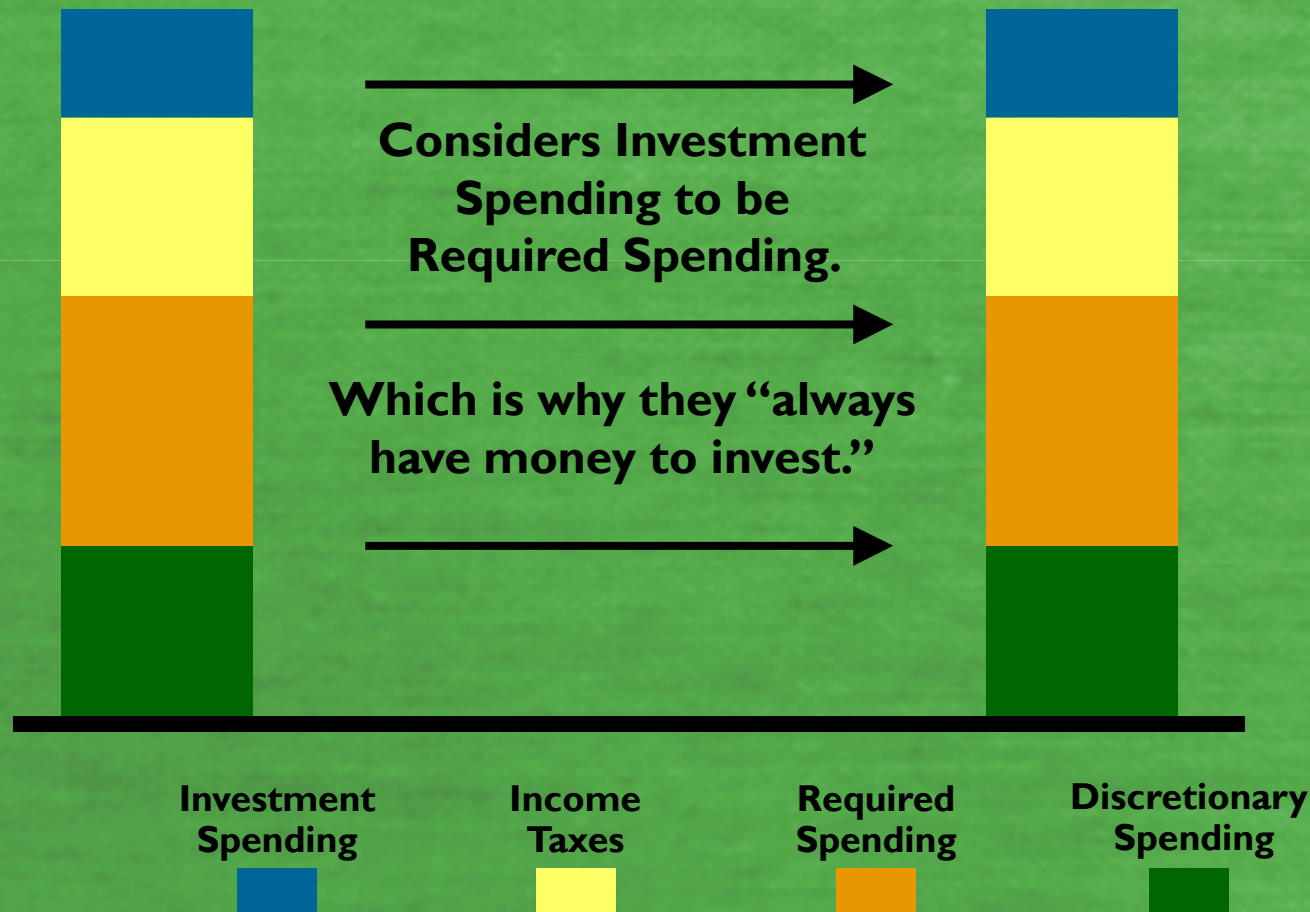


HOW A MILLIONAIRE INVESTOR SEES THEIR BUDGET

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MILLIONAIRE
INVESTOR'S BUDGET

MILLIONAIRE INVESTOR'S
PERCEIVED BUDGET



2

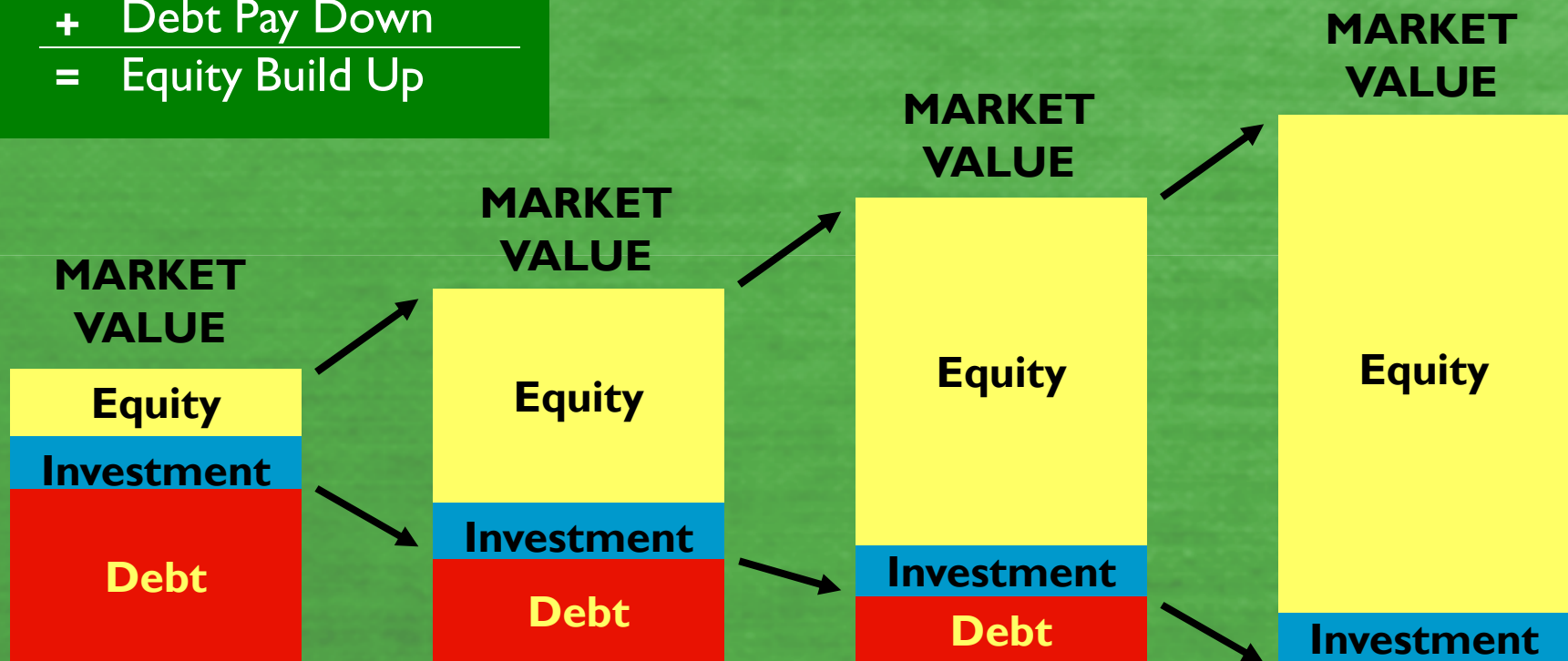
The Financial Model

- Understand the Triple Benefits of Real Estate
 - Cash Flow
 - Appreciation
 - Debt Pay Down

THE FINANCIAL MODEL PART ONE: EQUITY BUILD UP

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$$\begin{array}{r} \text{Price Appreciation} \\ + \text{Debt Pay Down} \\ \hline = \text{Equity Build Up} \end{array}$$

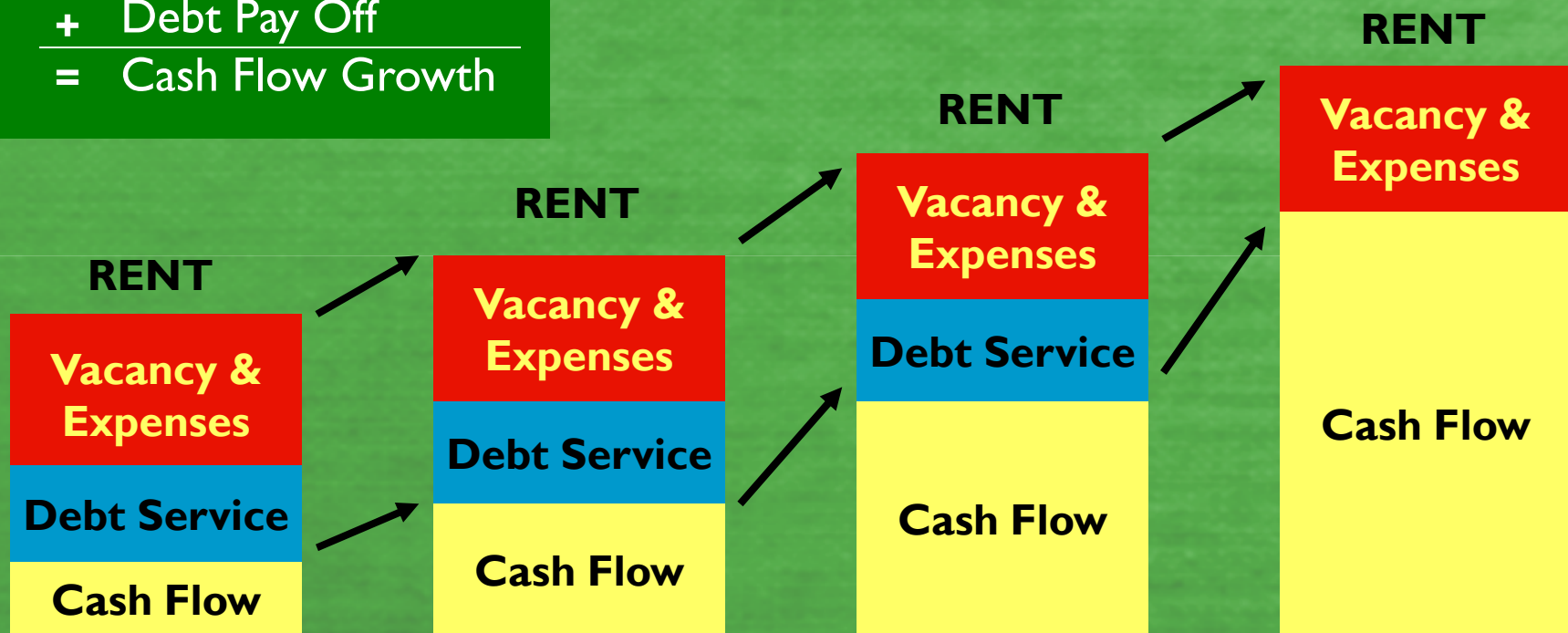


Buy It Right → Pay It Down → Pay It Off

THE FINANCIAL MODEL PART TWO: CASH FLOW GROWTH

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$$\begin{array}{r} \text{Rent Appreciation} \\ + \text{Debt Pay Off} \\ \hline = \text{Cash Flow Growth} \end{array}$$



Buy It Right → Pay It Down → Pay It Off

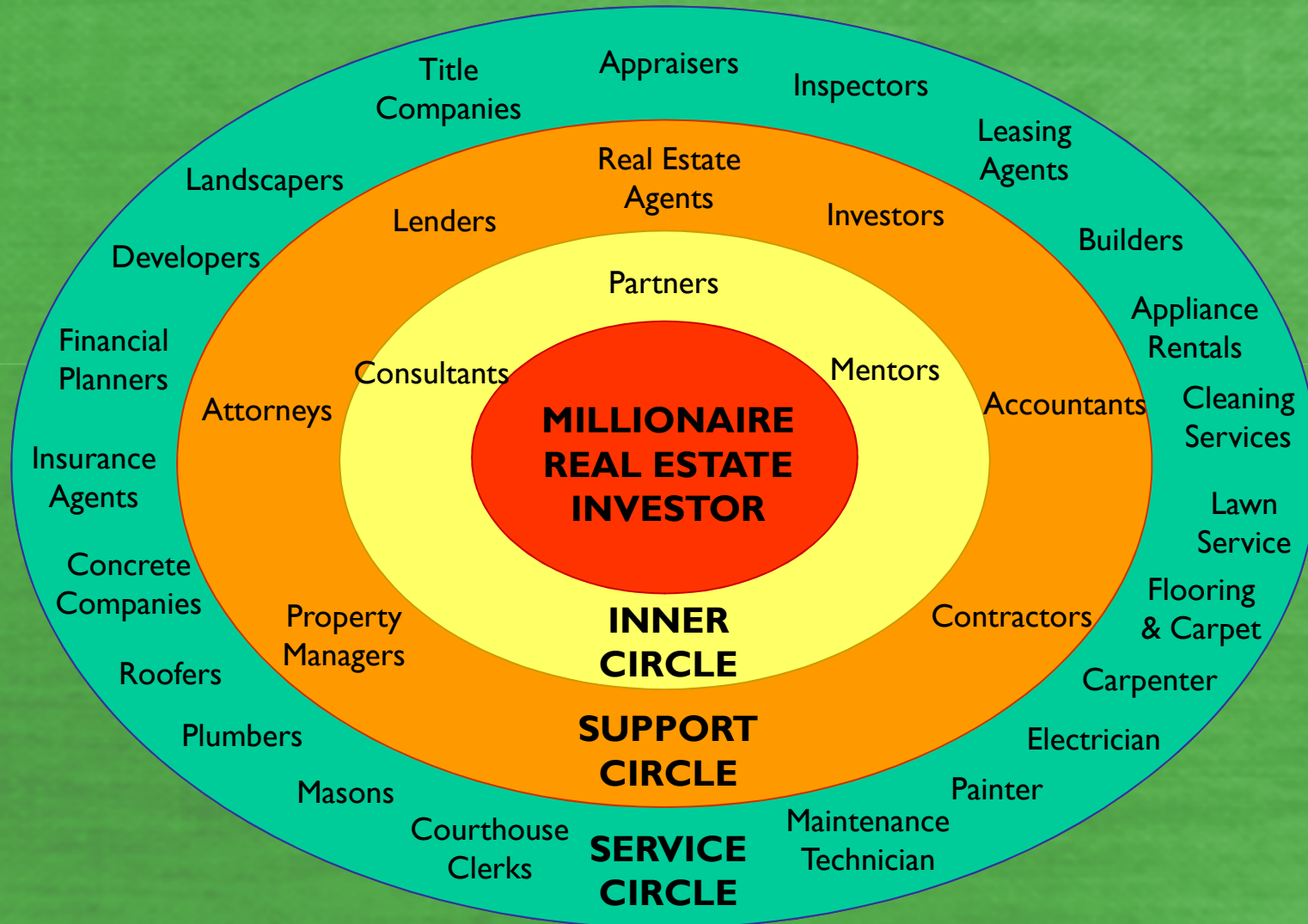
3

The Network Model

- Network for Knowledge, Leverage and Leads
- Build Your Investment Dream Team

THE MILLIONAIRE REAL ESTATE INVESTOR'S WORK NETWORK

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4

Lead Generation Model

- Establish Your Criteria
- Prospect & Market for Real Estate Investment Opportunities

THE LEAD GENERATION MODEL FOR INVESTMENT PROPERTIES

WHAT

1

**Have Clear Criteria for
the Property you want
to Invest in**

WHO

2

**Identify the People
who can connect you to
Properties that meet
your Criteria**

HOW

3

**Systematically Lead
Generate for Properties
and People**

WHICH

4

**Separate Suspects from
Prospects**

WHAT AM I LOOKING FOR?

I

**Have Clear Criteria
for the Property you
want to Invest in**

- | | |
|--------------|-----------------|
| 1. Location | 5. Construction |
| 2. Type | 6. Features |
| 3. Economic | 7. Amenities |
| 4. Condition | |

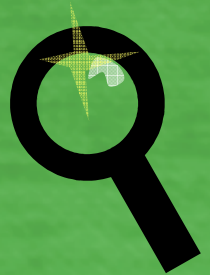
Two Kinds of Criteria

- 1) What You'll Consider
- 2) What You'll Buy

MILLIONAIRE REAL ESTATE INVESTOR'S CRITERIA WORKSHEET

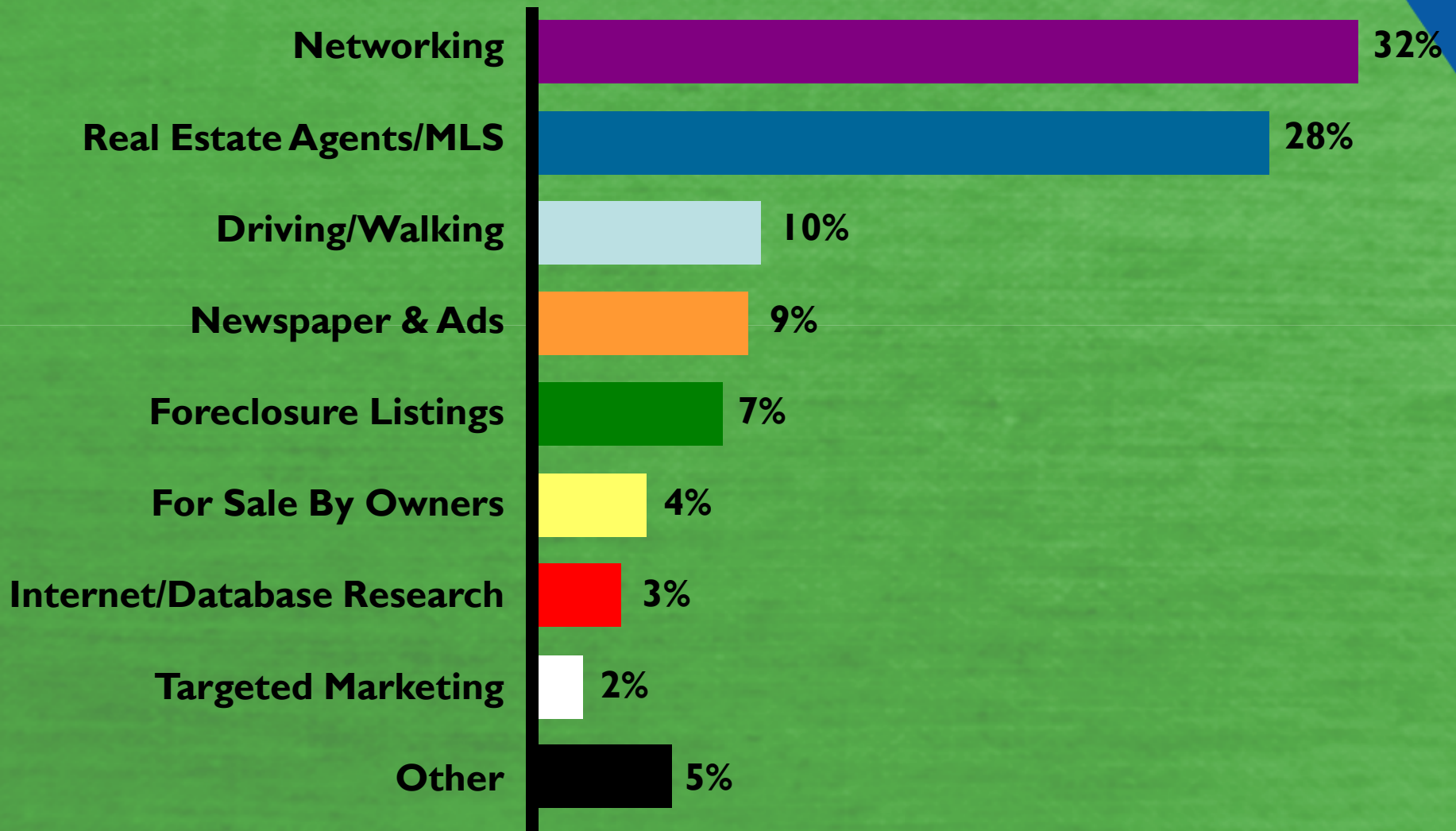
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<p>1) LOCATION</p> <p><input type="checkbox"/> Country</p> <p><input type="checkbox"/> State/Province</p> <p> <input type="checkbox"/> Taxes</p> <p> <input type="checkbox"/> Rentals Laws</p> <p> <input type="checkbox"/> Weather</p> <p><input type="checkbox"/> County/Parrish</p> <p><input type="checkbox"/> City/Town</p> <p> <input type="checkbox"/> Taxes</p> <p> <input type="checkbox"/> Services</p> <p><input type="checkbox"/> Neighborhood</p> <p> <input type="checkbox"/> School District</p> <p> <input type="checkbox"/> Crime</p> <p> <input type="checkbox"/> Transportation</p> <p> <input type="checkbox"/> Shopping/Recreation</p> <p><input type="checkbox"/> Street</p> <p> <input type="checkbox"/> Traffic</p> <p> <input type="checkbox"/> Size</p> <p><input type="checkbox"/> Lot</p> <p> <input type="checkbox"/> Zoning</p> <p> <input type="checkbox"/> Adjoining Lots</p> <p> <input type="checkbox"/> Lot Size</p> <p> <input type="checkbox"/> Trees</p> <p> <input type="checkbox"/> Privacy</p> <p> <input type="checkbox"/> Landscaping</p> <p> <input type="checkbox"/> Orientation/View</p>	<p>2) TYPE</p> <p><input type="checkbox"/> Single Family</p> <p> <input type="checkbox"/> Home</p> <p> <input type="checkbox"/> Condo</p> <p> <input type="checkbox"/> Town Home</p> <p> <input type="checkbox"/> Mobile Home</p> <p> <input type="checkbox"/> Zero Lot/Garden</p> <p><input type="checkbox"/> Small Multi Family</p> <p> <input type="checkbox"/> Duplex</p> <p> <input type="checkbox"/> Fourplex</p> <p><input type="checkbox"/> Large Multifamily/Commercial</p> <p><input type="checkbox"/> Land/Lot</p> <p><input type="checkbox"/> New/Preconstruction</p> <p><input type="checkbox"/> Resale</p> <p><input type="checkbox"/> Urban</p> <p><input type="checkbox"/> Suburban</p> <p><input type="checkbox"/> Exurban</p> <p><input type="checkbox"/> Rural</p> <p><input type="checkbox"/> Resort/Vacation</p> <p><input type="checkbox"/> Farm/Ranch</p> <p>ECONOMIC</p> <p><input type="checkbox"/> Price Range</p> <p> <input type="checkbox"/> From \$ _____</p> <p> <input type="checkbox"/> To \$ _____</p> <p><input type="checkbox"/> Discount _____ %</p> <p><input type="checkbox"/> Cash Flow \$ _____ / Mo</p> <p><input type="checkbox"/> Appreciation _____ % /Yr</p>
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How Millionaire Real Estate Investors Find Opportunity

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WHICH PROPERTIES ARE THE REAL OPPORTUNITIES?

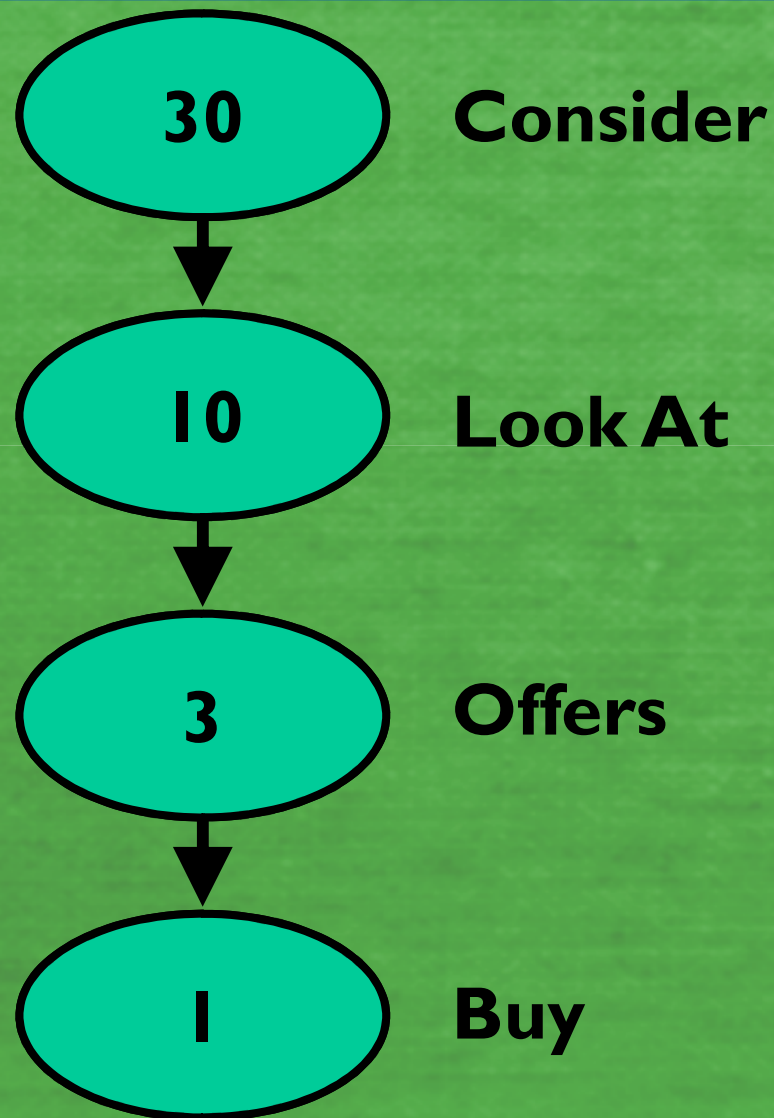
4

**Separate Suspects
from Prospects**

1. Qualify all Suspects
2. Focus only on Prospects

THE LAW OF NUMBERS

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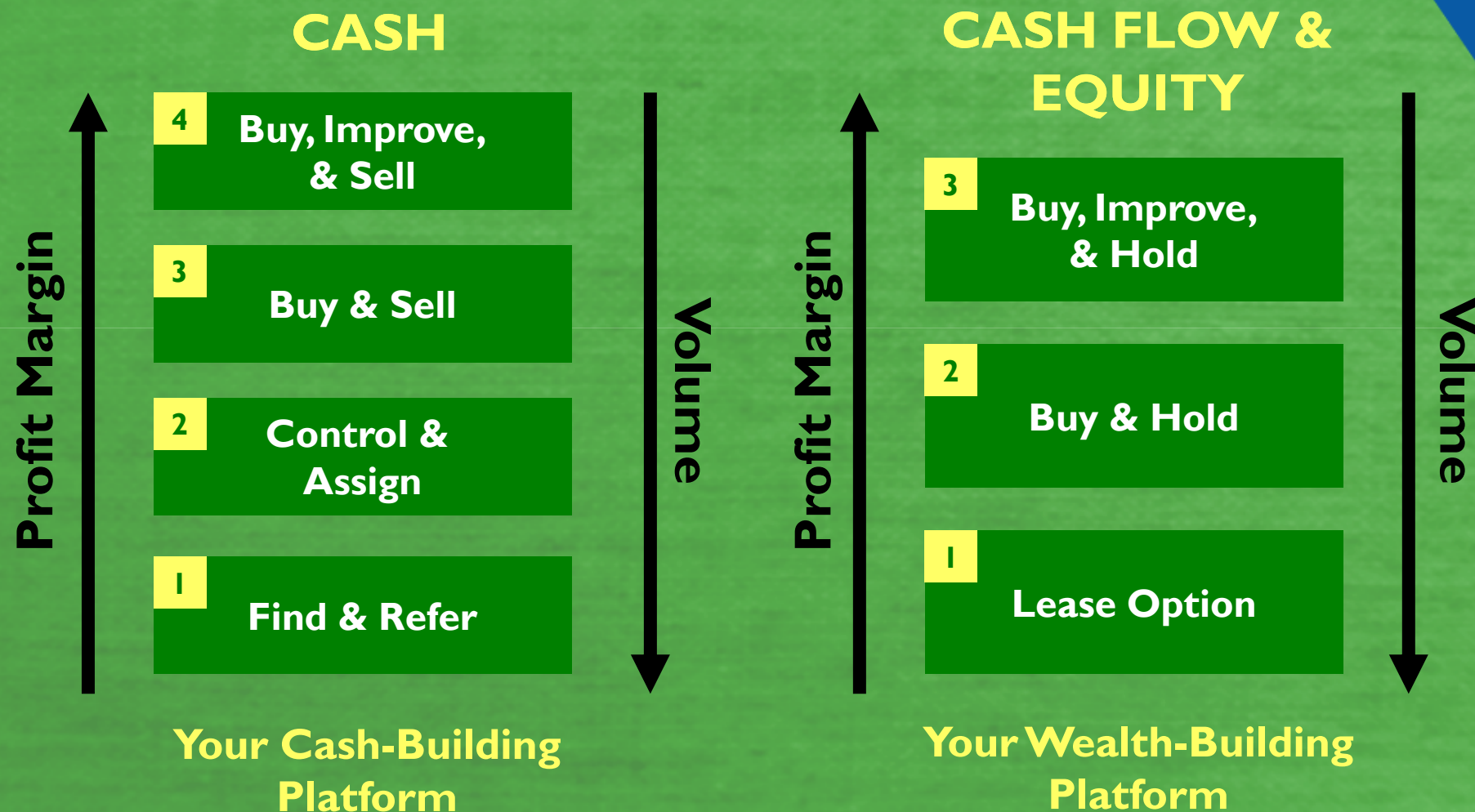


5

The Acquisition Model

- Master Terms for Making Offers & Closing Deals
 - Cash Building
 - Cash & Equity Buildup

THE ACQUISITION MODEL OF THE MILLIONAIRE REAL ESTATE INVESTOR



TERMS WORKSHEET: BUY & SELL

Purchase Terms		Terms Worksheet	
	After Repair Value (ARV)	\$	
	Fast Sell Factor	- \$	%
	Fast After Repair Value (FARV)	= \$	
	Discount/Profit	- \$	%
1	Cost of Purchase (COP)	- \$	
2	Cost of Repair (COR)	- \$	
3	Carrying Costs (CC)	- \$	
4	Cost of Sale (COS)	- \$	
	Purchase Price	= \$	
	Amount Financed	- \$	
	Total Investment	= \$	
Operating Terms		Cost of Purchase Sub-Worksheet	
	Finder's Fee	\$	
	Inspection	+ \$	
	Closing Costs	+ \$	
	Total Cost of Purchase	= \$	
		Cost of Repair Sub-Worksheet	
	Cosmetic Minor	+ \$	
	Cosmetic Major	+ \$	
	Structural	+ \$	
	Fixtures/Appliances	+ \$	
	Landscaping	+ \$	
	Contingency Factor	+ \$	%
	Total Cost of Repair	= \$	
		Carrying Costs Sub-Worksheet	
	Taxes	+ \$	
	Fees/Insurance	+ \$	
	Utilities/Services	+ \$	
	Debt Service	+ \$	
	Property Upkeep	+ \$	
	Total Carrying Cost	= \$	
		Cost of Sale Sub-Worksheet	
	Agent Commissions	+ \$	
	Home Warranty	+ \$	
	Title Insurance & Fees	+ \$	
	Buyer Closing Costs	+ \$	
	Total Cost of Sales	= \$	



Terms Worksheet: Buy & Hold

Terms Worksheet	
Purchase Terms	Market Value (MV) \$ 125,000.00
	Discount/Profit - \$ 25,000.00 20%
	Purchase Price = \$ 100,000.00
	Amount Financed - \$ 80,000.00
	Down Payment = \$ 20,000.00 20%
	1 Cost of Purchase (COP) + \$ 925.00
	2 Cost of Repair (COR) + \$ 7,095.00
	Total Investment = \$ 28,020.00
	3 Net Operating Income (NOI) - \$ 563.33
	4 Principle & Interest - \$ 555.54
Cash Flow Monthly/ Annual = \$ 7.79 = \$ 93.52	
Operating Terms	1 Cost of Purchase Sub-Worksheet
	Finder's Fee \$ 0.00
	Inspection + \$ 125.00
	Closing Costs + \$ 800.00
	Total Cost of Purchase = \$ 925.00
	2 Cost of Repair Sub-Worksheet
	Cosmetic Minor + \$ 3,200.00
	Cosmetic Major + \$ 0.00
	Structural + \$ 1,800.00
	Fixtures/Appliances + \$ 1,250.00
	Landscaping + \$ 200.00
	Contingency Factor + \$ 645.00 10%
	Total Cost of Repair = \$ 7,095.00
	3 Net Operating Income Sub-Worksheet
	Gross Rental Income - \$ 1,000.00 0.8% of MV
	Vacancy - \$ 60.00
	Net Rental Income = \$ 940.00
	Expenses
	Property Management - \$ 0.00
	Leasing Costs (Annual/12) - \$ 16.67
	Maintenance (Annual Reserve/12) - \$ 20.00
	Utilities - \$ 0.00
	Property Taxes - \$ 250.00 0.200% of MV
	Insurance - \$ 75.00 0.300% of MV
	Other - \$ 15.00
	Net Operating Income = \$ 563.33
	4 Principle & Interest Sub-Worksheet
	30-Year Mortgage
30-Year Mortgage Rate 6.97%	
30-Year Principle & Interest \$ 555.54	
15-Year Mortgage Rate	
15-Year Mortgage Rate 7.43%	
15-Year Principle & Interest \$ 717.72	

PUT IT ALL TOGETHER

Get Motivated

Big Why

Big Goals

**Acquire
Knowledge &
Focus**

Become An Investor

Understand &
Path Money

Build Network

Learn Real
Estate Market

Define Criteria

**Generate
Leads**

Prospect

Build & Work Database

Market

Leads

**Convert Suspects
To Prospects**

Inspect
Properties

Engage Network

Interview
Sellers

**Buy
Real Estate**

Make Offers &
Negotiate Terms

Acquire Deals

Gain Insight

Evaluate Results

How can we help?

Answer your Questions

Building your Work Network and Leads Network

www.millionairesystems.com

Business by the Book

THANK YOU FOR COMING!