What a week this has been! We had six – count ‘em, six – transactions of one sort or another.

On Tuesday, we started the morning by closing with our Tenant/Buyer for a property we have under a Lease Option contract with the owner. The Tenant/Buyer gave us $10,000 down payment, plus there is an additional $30,000 minimum equity in the property for us to collect in two years when the Option Term expires. Monthly cash flow from rent is $500. Immediately following that transaction, we closed on an Ugly House that we first signed the P&S over six months ago. It was a bank owned property and was foreclosed and the bank took its time finalizing the paperwork. It’s good to be patient! We expect $38,000 profit on this ugly beauty within 6 months.

On Friday, we signed a P&S for what we first thought would be an ugly house, but, as it turns out, it is in pretty much move-in condition. It even looks better than some of our work-for-equity homes! The owner would not work with us on any sort of terms deal so we got one of our private lenders to fund it. Even after paying the interest-only note to the lender for five years, the property will cash flow about $300 per month and there is all of $70,000 equity in it. We will close on this little gem in about three weeks.

On the following Monday, we signed two P&S Agreements. The first one was for a two-family property that would cash flow about $200 per month if we hold it and about $400 per month if we find a Tenant/Buyer who wants an investment property. We are confident we can find an investor. There’s $40,000 equity in this property. The second is an ugly house that we expect $35,000 profit within 10 weeks. We got the owner to agree to sell the house to us for $96,000 and finance the purchase for 6 months. What a sweet deal! We get a house, put about $30,000 into it from our own sources of funds (private lenders), the owner finances the purchase (interest free), and we sell it for a minimum of $180,000.

Finally, later in the day on Monday, we secured a $2,500 bank check (initial deposit) for an applicant to Lease/Option a house we have under an Owner Finance Agreement with a Wrap Around mortgage ($140,000 principle). The owner just wants to be done with the house so he agreed to owner finance for the existing mortgage value only, for a maximum term of five years. We pay his mortgage, taxes, and insurance of $1,044 per month. The first-year monthly rent for the Tenant/Buyer will be $1,997 and it goes up by $50 per month every year (max four-year term). That’s a first-year monthly cash flow of $953! The Tenant/Buyer will pay an additional $7,500 deposit when we close at the end of the month, and we will work with them under the Down Payment Assistance Program to collect an additional $5,000 over the course of the next 12 months (total down payment of $15,000). The first-year option price is $204,900 and it goes up by $5,000 per year. Even after collecting the initial $15,000 there is still $50,000 more equity in the property! So, the craziest part of this story is that when my business partner, Scot, first showed me the house, I said: ‘Oh man, what are you doing? This is just about the junkiest of junkers I’ve seen and nobody will ever want this under a term, work-for-equity deal.’ Well, guess what……I WAS WRONG! There, I said it. I guess you never know if you’ll hit the ball unless you take a swing. With this one we took a swing and hit it out of the park.

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