



WEST FLORIDA REIA NEWS

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Subject To Back in Favor

By Barbara Grassey

While the Dodd-Frank Act created a mine field for lenders, it re-opened an overlooked creative financing tool - the subject to deal.

“Subject to” is shorthand for taking over a property subject to the existing mortgage. Up until the 1980s, many properties were taken subject to as a natural part of the transaction. Non-qualifying assumable loans made it easy for anyone to buy a property. But the banks changed the process and new owners had to qualify to assume a loan - which makes sense from a lending standpoint.

Is subject to illegal? Far from it. Take a look at the standard FARBAR contract. There’s a check off box for subject to transactions. What people get hung up on is that taking a property subject to can trigger the due on sale clause.

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Using Websites in Your Business

*A website helps create
credibility in your
customer’s mind.*

Back at the turn of the century, someone with an “online business” was viewed with distrust. After all, it wasn’t a “real business.”

Fast forward a decade or so and the business world has changed. Now when you hear about a business, one of the first things you do is check them out online. Who are these people? Where is their company based? How long have they been in business?

All of this can be checked with a few clicks. Now if you DON’T have a website, people view you as “not really in business.”

Bob Burg’s oft-repeated statement, “All things being equal, people

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Double Your Marketing

By Barbara Grasse

I am a big fan of sitting on my couch, waiting for deals to hit. Unfortunately, no one knocks on my door with a house they want to give me. I hate that.

“Marketing is at least 50% of your business.”

When you are first starting out, real estate is definitely **NOT** a passive investment, unless you have a ton of extra money that you are sticking into real estate investment trusts (REITs). Most of us do not have that luxury.

Marketing is at least 50% of your business. Yes, you need to know the demographics of your marketplace, what constitutes a good deal, how to negotiate, structure an offer and write the paperwork. But without marketing, you’ll never get to the point of needing to know the other stuff.

If you’re not finding deals and making offers then you probably are not doing enough marketing. From my own experience, I know that if I send out 100 direct mail pieces per week **EVERY** week, I’ll find at least one deal. I also know that the marketing has a cumulative effect. I may get five responses the first week, seven the next, maybe ten one week and three another. But as I send out those letters (and do repeat mailings to my target list) my response rate will rise. It’s not unusual to receive a call on a letter that I’ve sent months or even a year before.

If you’re marketing but not getting the amount of response you need, it might be your marketing piece but more than likely, you’re just not putting out the volume you need to get results. As a copywriter I hate to

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*Transferring a property **can** but most often **doesn't** trigger the Due on Sale clause.*

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The Due on Sale clause states that the lender has the right to call for complete payment of a loan when the ownership of a property is transferred. It does **not** state that the lender **MUST** call the loan due and in fact, lenders seldom do.

However, you do need to know that the possibility exists that the loan can be called. You also need to make sure that the subject to loan is not an adjustable rate mortgage - you don’t want your payment jumping up and killing your cash flow.

But, when you find an owner who has a good interest rate and is flexible, don’t forget that taking a property subject to the existing debt is a powerful way to acquire a property without needing to get all new financing.

Motivational Minute

By Barbara Grasse

Start where you are. Use what you have. Do what you can.

Arthur Ashe

One of the greatest strengths to have in business is the ability to cut your losses, learn the lesson and then apply that new knowledge to future endeavors. In real estate, we often suffer setbacks - maybe we bought a property that didn't bring the exit price we had planned on, or we spent money with a guru who didn't deliver what they promised. Sometimes it's missing out on a deal by an hour, or even because of one misplaced question.

These are all things that happen. And they are all learning experiences. The trick is to take whatever good you can from that experience. Maybe the money you spent with that guru brought you into the world of real estate investing and motivated you to get started. Barely breaking even on a property can teach you how to better evaluate a property, the cost of repairs, or the neighborhood so that your next deal yields an even stronger return. Perhaps missing out on a deal because you hesitated will spur you on to talk to more people sooner.

Yes, sometimes crummy things happen in real estate investing. But it's up to you to decide whether you're going to stop right there or use what you have to go out and make your own success.

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will do business with, and refer people to, those people they know, like and trust" starts with people feeling as if they know you. Letting people see who you are - that you are a real person, based locally, as opposed to a faceless 800 number - gives you an edge on the competition.

So do you need to spend a lot of money on a website? Definitely not. You can be up and running with a WordPress website within a few hours and for less than \$50. There are templated websites that can make your job easier. (West Florida REIA recommends Investor Carrot for a no fuss, no muss all in one provider.) If you know your way around WordPress and feel comfortable with domain names and hosting companies, you can do it yourself.

Whichever way you go, you *need* to have a web presence. Over 70% of home searches start on the web. People want to know who they might be doing business with. Let them know who you are and what you do. Because they will check.



*Where you are is where you are.
Just START!*

"Over 70% of home searches start on the web."

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admit this, but many times it's not the words in the letter that matter as much as the timing of the letter. The more marketing you put out, the more likely you are to hit someone at exactly the time they need you most.

I like to use more than one approach when marketing. Not everyone responds to a letter or a post card. I have websites aimed at motivated sellers; I go driving for dollars and find FSBOs and

vacant properties. I post on social media that I am actively looking for deals.

But direct mail is my mainstay marketing method. I know that as long as I put out the letters, I will get calls. And the more marketing I do, the more deals I get.

Double your marketing to double your results.

Next Meeting:

TUESDAY, September 9th, 2014

Meeting Place and Time:
Sarasota Association of Realtors
2320 Cattlemen Road
Sarasota, FL
Doors Open: 6:30 pm

West Florida REIA Members: FREE

Guests: \$20.00

First Time Attendees: Free

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In the Port Charlotte/North Port/Englewood area?

Our **Port Charlotte Sub-Group** meets every Thursday night at 6:30. Bring your deals, your questions, your experience. Pick up a new trick and talk shop with fellow investors.

Sub-Group Leader: Carol Pollard

Perkins Restaurant
1700 Tamiami Trail
Port Charlotte, FL

\$5 per meeting

FREE to West Florida REIA members and first time attendees.

VOLUNTEERS NEEDED

We can always use a helping hand!

We're looking for people who can help check in members, assist with coffee set up and break down and putting together our newsletter.

If you'd like to help, please email us at

info@WestFloridaREIA.com