

NEVER GIVE UP AND GOOD LUCK WILL FIND YOU.
—FALCORE THE LUCK DRAGON IN THE NEVER ENDING STORY.

13

WHAT ARE THEY BITING ON?

1.

Reading the Sunday paper is a ritual to most Americans—a time to relax, kick back and rest from a busy week of work. For Philip, however, the Sunday paper had meant something else: disappointment. For over a year now, he had dug through the large section of Sunday classifieds without finding a single job opportunity.

But in the past seventy-two hours the Sunday paper had taken on a whole new meaning for Philip. Instead of disappointment, it meant new hope, a ticket from the world of dependence to the world of freedom. A few days earlier he had wanted a secure salary. Today, he wanted only the opportunity to turn a profit. A few days earlier he'd wanted to be a loyal employee. Today, he was the employer—the owner and president of Moore and Moore Investments. In a few hours, he had gone from a laborer to boss, from dependent to independent, from socialist to capitalist.

It felt good.

The Sunday St. Louis Globe-Democrat landed on Philip's doorstep at exactly 6:17 P.M. on Saturday evening, June 9. Within seconds of the thud, Philip pounced on it like a lion on fresh meat. He avoided the job classifieds, vowing never to look there again, and tore immediately into the real estate ads. He first went to the "real estate wanted" section to look for his own ad.

"One line in the water," he mused smiling as he read it silently.

Then he spent the next hour systematically searching the ads for clues to highly motivated sellers. When he was finished, he shared the results with Karen. The classified section was covered with red circles—perhaps thirty or forty. They decided to go to bed early and to take Sunday off to relax and set some goals for themselves.

But on Sunday, Philip couldn't relax. He made some calls before noon. Then he had a brainstorm. He rushed to a spare bedroom and surveyed the musty stacks of yellowing, old newspapers that reached almost to the ceiling. A few hours earlier, the entire roomful was

worth at most fifteen or twenty dollars at a nearby recycling center. But now Philip saw them with new eyes. They looked like piles of gold ore waiting for the smelter. His heart raced.

He plowed through the stacks and retrieved the Sunday real estate classifieds for the four previous weeks. He reasoned that even though most of the ads would be dated, a few might pan out. If not, he would have lost nothing but a few hours—and time was the one thing he had plenty of.

He systematically compared the current weeks' ads with previous weeks'—June 3, May 28 and May 21. There were different ads. It amazed him. And then he spotted a small ad in the bottom left-hand corner of page 12D of the June paper:

4 units on Leduc
Four unit building to be liquidated in divorce settlement. A bid
should be submitted in writing to 4008 Olive Street, Suite 206, St.
Louis, Missouri no later than June 15.

“Leduc! Hey, that’s my street!” he shouted.

The ad contained some great clues, too. “Liquidated,” “divorce.” It sounded to good to be true.

He made the call. No answer.

“This is a good one. I can feel it,” he thought. He resolved to call the number first thing Monday morning.

At about eight o’clock on that Monday morning, June 11, the phone rang. Philip rushed to the phone, thinking that perhaps someone might be calling on his classified ad.

It was David, the film producer, calling to make arrangements to do some filming in Philip’s apartment. About every four days, the film crew would follow Philip’s progress and record his activities. David asked Philip to call immediately if something started cooking.

“Actually, I got something cookin’ right now,” Philip said. “On a home right across the street from me!”

“Really?” David seemed surprised. He’d expected results but not this quickly.

Philip read him the ad.

“I wonder if it’s a foreclosure,” David said. He was no stranger to the real estate game, having bought, fixed up and profited from several properties himself.

“I don’t know,” Philip said. “I’ve been calling the number and nobody answers. I’ll keep calling.”

David thought for a second. He had a hunch it might be a property sold through a city-sponsored low-interest program, then repossessed by the city when the buyer defaulted. If so, it could be a hot lead. He told Philip to keep him posted. If things started popping, David wanted to have the cameras there to capture the action.

That concerned Philip. He didn’t want cameras to blow his deal.

“We can stay out in the background,” David reassured him. “By the way, you ought to talk to the tenants. They’re a great source of information about the building. You know, problems with plumbing, water damage or electrical malfunctions.”

“Yeah, I’ve already been over there today.”

“Oh, good. You’re ahead of me.”

“Yeah. They’re paying \$165 a month. They didn’t even know the building was for sale. I didn’t go inside myself. It doesn’t need any major work outside. It’s all brick.”

“Oh, it sounds like a good one.”

“Bruce Fanning, the guy from Colorado, thought so too. He called me last night, and I told him about it. My network is starting to help.”

“Be sure to call Bob Allen.”

Philip hung up the phone, feeling more encouraged by the second. Wouldn’t it be great if he could be the first of the Challenge team to buy a property? He hurried to call the number again. This time someone answered. It was a law firm. The receptionist informed him that the attorney handling the situation, a Miss Anne Marie Clark, was not in. He left his name and number and hung up, feeling very frustrated. He forced himself to continue his newspaper calls. It wasn’t long before he got another nibble.

“Yes, hi. My name is Philip Moore. I’m calling in reference to the apartment you have for sale. Could you tell me about it?”

“It’s a four-family. All two-bedrooms. Rents total \$925 per month. Three of them are \$225, and one is \$250.”

“OK. What’s the value?”

“Well, I’m asking sixty-one nine.”

“Has it been appraised at that value?”

“Well, I bought it two and a half years ago and paid sixty-eight thousand. The only thing that’s changed since then is that I’ve put in a new furnace and got sick.”

“Oh, I’m sorry to hear that.”

“And I’m selling it for what I owe.”

“OK, are you willing to carry terms?”

“Well, if I owe sixty-one, how could I carry terms? That’s got to be paid off. Do you follow?”

“Yes, I do now,” Philip lied. “Who’s carrying the note?”

The seller explained that there were two mortgages—a first mortgage of fifty-three thousand dollars and a second mortgage of eight thousand dollars.

Philip still didn’t quite understand. “OK, so what you want to do is really look for cash and get the heck out of there, huh?”

“You don’t have to have cash. You can, you know, finance the same way I did.” The seller was trying to tell Philip that it was a nothing-down deal.

“Tell me a little bit about how you financed it because I’m new at this.”

“I paid sixty-eight thousand dollars for it two and a half years ago. Put a first and second mortgage on it through a bank. And then, last year, I came down with cancer. I got through with radiation therapy and came down with shingles, which I’m still recovering from. It’s just too much for me to handle. I decided I’d make somebody a good deal, get out for what I owe, and be done with it.”

“What are your payments?”

“Well, what I’m paying wouldn’t be the same as what you’d be paying.”

“Yeah, I know, I know,” Philip said, not knowing at all.

“And what I’m paying is \$687 on the first and \$80 on the second. Why don’t you just drive by and take a look at it?”

“I’ll do that.”

“From the outside. Now, don’t bother the tenants.”

“Oh no, I wouldn’t dare do that.”

Philip ended the call and made a note to drive by the property. The seller seemed to be a classic don’t-wanter. Unfortunately, in the paper shuffle of the ensuing telephone calls and the excitement of chasing down other leads, he never followed up on this call. (Too bad, it was a good one!) Before noon, he placed another call on the Leduc property.

The receptionist put his call through immediately. Miss Clark answered, and all of a sudden he felt unsure of himself, even rattled. “I’d like to know how much is the value of the home on Leduc,” he said finally.

“It was appraised, I believe, at twenty-three thousand dollars.”

Twenty-three? That couldn’t be right, he thought. The duplex he lived in was worth twenty thousand dollars, according to his landlord. A fourplex had to be worth forty or more. “What are you asking for it?”

“We’re simply taking bids.”

“Okay. Fine.” Philip stalled. He glanced down the Bargainfinder and chose another question at random. “What are the taxes and insurance per year?”

“I don’t have any of that information. I’m not a real estate agent. I’m an attorney who was appointed by the court to sell the property. We’re just taking bids.”

“So, is it like a repossession?”

“No. It’s not a repossession.” She explained that the court had ordered the property sold in a divorce decree. She had set the date of June 15—this coming Friday—to be the last day for submitting bids. She gave him the number of a man who would give Philip a tour of the property. He might have more information.

“OK. Thank you very much, Miss Clark. I’ll take a look at the property and then get back to you.”

“Fine,” she said. “Are you representing a real estate company?”

“No, ma’am. I’m representing myself.”

It felt so good to say that. Yes, he was representing himself—for the first time. Before, when he let other people represent him—his employer or the government—all he ever got was poverty and a feeling of powerlessness. But now that he had taken charge of his life, he felt a sense of power.

“Which ad did you see, sir?” Miss Clark asked.

“The one in the Post Dispatch ma’am. Have you had any offers on the property?”

“One.”

Philip made a mental note that he had some competition. “Okay. Thank you very much, ma’am. And I’ll be getting back to you.”

His adrenaline was pumping now. He couldn’t wait to talk to someone about this glitter he had just uncovered. He picked up the phone to call the hot line number, his fingers shaking with excitement.

He was on a roll. And it was only his first day.

2.

While Philip was running hard, chasing down opportunities without regard to structure, form or organization, Nora was taking a more methodical approach. She awoke Sunday morning with a determination to play this one by the book. “One foot in front of the other,” she reminded herself. This is unfamiliar territory. Best move slowly. Can’t afford a mistake.

She started off her day with a forty-five-minute jog/walk while listening to a tape by Zig Ziglar. His message was simple but powerful: ‘You can have everything you want in life if you’ll just help enough other people get what they want.’ Returning from her jog exhilarated, she picked up the thick Sunday morning paper on the doorstep and went in to shower and prepare for the day.

After breakfast she sat at the table in her office—on of the bedrooms in her small home—stared at the Sunday paper lying in front of her and took a deep breath as if facing an unpleasant task.

“Got to get my lines in the water,” she whispered to herself.

She carefully went through the newspaper looking for the ad she had run. There it was. It was about to expire. She made a mental note that she would have to call and renew it tomorrow. Then she began circling ads in the classifieds. She knew she was looking for flexibility, but all of the ads seemed the same. She had trouble discerning any clues. She set a quota of five calls, picked the ads she felt most promising and dug in.

She dialed a number. A woman named Gertrude answered the phone and described a four-bedroom home with a two-car garage that her son and daughter-in-law were selling. They were moving to a larger home.

So far, so good. Nora thought to herself. “Could you tell me how much you’re asking for it?” she continued.

“Fifty-four thousand five hundred dollars.”

“Could you tell me what you owe on it?”

“There’s no loan on it.”

“How was the price of the house determined?”

“It was appraised for fifty-eight thousand dollars.”

Nora made a mental note that the asking price was almost ten percent below the appraised price. “Could you tell me where the house is located?”

It was in Afton, Missouri, a suburb of St. Louis, the woman said.

“Well, my name is Nora Boles and I’m new at this,” Nora continued. “I’m an investor. And I would like to know exactly what you want to accomplish—what you would like out of it?” She felt foolish, not understanding exactly why she had to go through all of this.

“The house belongs to my son and my daughter-in-law. They’re firm on their price. They want \$54,500.”

“How much would they like down?”

“Oh, I would say at least four thousand or five thousand dollars down.”

Not knowing what she should ask next, Nora returned to familiar territory, “What’s the neighborhood like?”

After the woman had completed her answer, Nora excused herself and hung up. She sat back in her chair, not knowing what the five-minute call had accomplished. She shrugged and dialed another number. A woman answered.

“Hello, my name is Nora Boles, and I’m calling in regard to your house. How much are you asking?”

“We’re asking forty, but it’s negotiable.”

Nora noticed the last word. This is what she wanted to hear. “Okay. What’s the existing mortgage?”

“About nine thousand.”

“How much cash do you have to have down?”

“We’re asking like five hundred.”

“Five hundred down?” Nora asked incredulously. Was this the flexibility she was looking for? She glanced at her Bargainfinder form. “Would you consider carrying any financing on it?”

“No, we can’t do that.”

“No?” Nora was surprised by the answer. They only wanted five hundred down but weren’t willing to carry financing. How could that be? She didn’t know what to ask next. She got the name of the seller and the location of the property and again excused herself. “I’ll get back with you after I talk to my partner.”

She hung up the phone, confused. Why did she feel such a tightening in her stomach when she started to get near the critical questions? It was uncomfortable, even frightening to her. She reminded herself that she had faced much tougher situations. Still, no rationalizing could cause the fear to subside. She continued to call all morning with little success, and the next morning the ritual was the same, with one exception. As it was Monday, she called the newspaper and renewed her ad. It would cost \$3.50 for another week—a lot for her—but it was money she was willing to risk.

A day or so later, after a particularly discouraging morning on the phone, Nora called Tom on the hotline phone to have him school her on what she was doing wrong. They played roles; he the motivated seller, she the investor. She stumbled through the dialogue. He corrected her.

“OK, Nora. Are you ready?”

“I guess so.”

“Get a Bargainfinder. Here we go. Ring-ring-ring. Hello.” Tom played his role to perfection.

Nora asked the first question. “I’m calling in regard to the ad you had in the paper. Are you the owner or the agent for the property?”

“I’m the owner.”

“OK.” Nora paused to fumble through her Bargainfinder for a question—any question—to fill the awkward silence.

“Could you tell me how many bedrooms and baths?”

“It’s got three bedrooms, one bath.”

Another painful pause. “Could you tell me how—how many stories?”

“Just one.”

“OK, could you tell me the square footage?”

“Oh, around fifteen hundred square feet.”

Tom left his role to instruct her. “Listen, Nora. I think you ought to maybe move down into the financial stuff a lot sooner, you know?”

“Oh, OK.” It took her a moment to shift gears. “Has it been appraised?”

“Yeah. It was appraised for fifty-five thousand dollars.”

“Where do I write that, Tom? Is there a place on the Bargainfinder for it?”

He instructed her where to look. Then they ploughed through a few more questions. Tom tried not to push her too fast. He could see that she had a lot of ground to cover. And the failure of the past few days seemed to have sapped her self-confidence. Tom wondered why she had such trouble addressing the sensitive questions. Maybe her many financial ups and downs had taken their toll. Maybe the embarrassment and humiliation of having so many strangers—bankers, lawyers, bill collectors—zero in on the disarray of her own personal finances made her uncomfortable about prying into other peoples’.

Each day, Nora waded back into the same frustrating battle. At times, it seemed as if she was winning. But an enemy waited for her—an enemy I took great pains to warn her about the first day of training. Its name is Fear—and it was gaining the upper hand in Nora’s life.

Finally, she called me. “Sometimes I just get so scared I can’t see straight,” she admitted, her voice shaking with pent-up emotion. “I fell that fear and that dread, and I just can’t think what to do. I’m not a quitter, but sometimes that phone seems like my worst enemy. When that happens I just have to get up and go outside for an hour or two until things get back to normal.”

After one particularly frustrating morning, Nora escaped the heat and frustration collecting in her tiny office and walked out into her backyard. It just wasn’t working. She wrestled with the problem. “Why does it have to be so hard?” She stared across her back lawn through the row of tall trees standing guard like old friends at the back boundary of her property. The familiar scent of wild things growing calmed her. Slowly the superficial feeling of futility was washed away by the steady undercurrents of resolve that flowed in her at the deepest levels. The fog began to clear. She could see that talking directly to sellers on the phone was never going to be her strong suit, no matter how hard she worked at it.

“What would a blue-vase do?” she wondered aloud.

Then she had her answer. An hour later her battered car rolled to a stop in front of the Franklin County courthouse in Union, Missouri. Nora was about to put another line in the water.

“Hi, my name’s Nora Boles,” she said to the woman at the counter in the clerk’s office. “Can you show me how to find a list of people who own property in this county but live out of state?”

The woman at the counter was fiftyish, gray-haired and cheerful and seemed eager to help. She walked Nora through the process, showing her how to dig the information from huge leatherbound volumes that lined an entire wall. “If you need any help,” she said, “I’ll be right here.”

Nora eagerly thumbed through the heavy, timeworn pages. “This is more like it,” she thought to herself. It was a lot easier then dragging information out of a total stranger on the phone. Besides, she had someone right there to help her.

What made Nora think of visiting the county courthouse? Jeff Rickerson, the investor from Missouri, had mentioned this idea to the group on the evening of the second day of training. “That’s a good idea. Write it down,” I told them that night. “Out-of-state owners are likely to be more flexible in selling because of management hassles.” Nora dutifully wrote the idea down, unaware that her subconscious was quietly filing it away for a rainy day. That day had come sooner than expected. Her computer was feeding her hunches.

And like seeds of winter wheat beneath the frozen ground, her budding confidence was beginning to send tender shoots toward the surface.

3. _____

“Hi, girls! Are you ready to pass out some fliers for me?”

“Yeah,” responded the girls in unison watching the cameras out of the corners of their eyes.

Mary Bonenberger surveyed the small group of girls gathered in front of her. The day before she had prepared a flier to hand out to houses in her neighborhood. Then she had gone to a print shop to get several hundred copies. It took her only a few calls to line up some girls from her church to help her distributed the fliers. The cameras were there to capture the scene. In a way, Mary resented the presence of the cameras. They slowed her down. And she had work to do!

“Tell you what, girls,” she said. “Split up the fliers fifty-fifty. Some of you take one side of the street, the rest take the other. And just pass out as many as you can. Roll them up and stick them in doors. But whatever you do, don’t put them in mailboxes. That’s illegal.”

The girls divided up the fliers, and Mary watched them run off, full of excitement. “Got to get more lines in the water,” she fretted.

4. _____

Philip came stomping up the stairs and flopped onto the chair in his tiny office. Karen was in the kitchen preparing meals in advance. She didn’t have to go to work for another hour. When she heard Philip come up the stairs, she wandered in from the kitchen.

“Hi,” she said sheepishly. She could tell by his mood that things were not going well. “What have you been doing this morning?”

“I’m getting a runaround on that fourplex property. Nobody knows what’s going on! So I can’t get the information I need. It’s like pulling teeth. So I went over to the city offices and asked about their foreclosed properties. But that’s a lot of red tape, too.” Philip started to gain some of his enthusiasm back. Just sharing this information with his wife seemed to lift at least half of the burden off of his shoulders. “It’s nice,” he thought to himself, “to have someone to face the world with.”

Karen still stood silently, leaning on the doorjamb. He glanced up at her and motioned her to come inside. He pulled out some papers from his briefcase that described some of three hundred properties the city was trying to unload. There was a property in Lafayette Square for only seventy-five hundred dollars. And another on Cobrillan that had some potential.

“So I just have to go and check out which ones are feasible for fixup. Like this on Cobrillan Street. It’s a one-story brick residence, and it looked very nice in the picture. And there’s a tenant in it.”

So it’s got to be OK, if someone’s living in it,” Karen observed.

“With a positive cash flow,” Phil added. “Some of these properties are all cash. Some require ten percent down. The list of the properties for sale comes out in Sunday’s paper. It’s a complicated bid process to get them,” he explained. “But you can deal with certain brokers who know the ropes. For example, this property in Siston is just fifty-five hundred as is, and with existing taxes of forty-nine dollars. That’s not bad.” Philip stood up and pointed to the map of the city that he had attached to his bulletin board. As he talked, he pointed to the various areas in the city.

“Right now, I’m concentrating my efforts in University City, Wellston, Central West End and also in Hyde Park, where they’re doing a lot of redevelopment. In these areas we can get federal loans to fix up properties. And the houses are very cheap. Also, properties down in the city close to the river front could triple in value in the next three to five years. So I cross-reference the address of the city properties with this map. Here’s one in University City. And here’s one on Crest....”

5.

Mary sat down with her husband to fill him in on what she had been learning about using the county courthouse to find leads for don’t-wanters. “I met an investor today who hires a full-time employee to work in the courthouse and check through the county records every day.”

“Every single day?” Steve exclaimed. “What does he do with the information?”

“Well, he’s looking for people who’re facing foreclosure. He immediately sends them a letter, which says, ‘I buy properties. I can save you from having to go through foreclosure.’ I guess it works or he wouldn’t do it.”

“I see,” Steve said. “So that’s how you get the fresh stuff.”

“Well, not really. Because the same information has already been published in the St. Louis Countian—the legal paper that anyone can buy for thirty-five cents. But if you can catch it before it gets published, then you’re ahead of the pack. You see what I’m saying?”

“Yes.”

“Like if you can get a banker to tell you about all of his delinquent loans before he files the notice of default, then you’ve got a gold mine. Well, I’ve found a banker who has agreed to share this information with me. He’s got so many delinquent loans right now, he’s got to get rid of them—dump them right away.”

“You know,” Steve said, “I’m feeling there’s a system that we’re not a part of yet.”

“I know. It’s all learning the ropes. This may all be fruitless. You never can tell whether you’re wasting you time or making progress. It’s just important to build a network, get a little exposure, get to know some bankers, make some initial contacts. In the future, who knows, some of this legwork might come in handy....”



**FLIERS THAT ATTRACT
HIGHLY MOTIVATED SELLERS**

6.

It was time for Nora and me to have a chat. I dialed her number, and we exchanged greetings.

“Have you decided on a daily routine?” I asked her.

“Yes. I get up at 7:00. Then, from 8:00 to 8:30 I’ve been jogging around the subdivision listening to tapes. I make my calls from noon till about 4:00. And then I take a break till 7:00, when I call for another hour or so.”

“Are you doing your reading on a regular basis?”

“Yes, a chapter a night.”

“Are you getting the hang of using the telephone?”

“Yes and no. I still get nervous.”

“What five lines do you have in the water?”

“I have one ad in the Globe and one in the Tri-County in this area—the ad Bruce Fanning told us about: ‘I want to buy my first income property. I have no money down.’ I’m reading and calling on ads every day. That’s two lines. I have an appointment with a Realtor this afternoon at two. That’s the third line. When the paper boy comes tomorrow, I’m going to ask him about inserting a flier in the paper. And then I’m doing a mailing to out-of-state-owners. I’m keeping busy.”

“Good.”

“By the way, I’ve got a good lead on a duplex. A woman I used to know is having financial problems. I’ll get more information and call you or Tom about it.”

“You’re great! Saying your prayers?”

“Yes, every day.”

“Been discouraged at all?”

“Doubt but not discouraged. I was sittin’ here thinkin’, ‘Nora, you must be crazy! You’re doing all this and your own life is so messed up.’ The old devil has a way of getting to you at times.”

“What about your bills? Are your creditors bugging you?”

“Well, I’m back a few payments. I’m goin’ to see the loan officer today and see if he won’t give me some time. I think he will.”

“What do your friends think of the new Nora?”

“I stay away from some of them. Because they can drag me down. One friend came by last night, and I told her before she even started: ‘I don’t want to hear any negativeness. You make your life and let me make mine.’”

“Good for you!” I laughed.

“She can’t see what I see.”

“Do you see it?” I asked.

“Oh, yes. I’ve always seen it. I just never had my chance or knew how to get there. And I’ve got it now. I’m going to make it. I know that.”

7.

I called Mary on Tuesday, June 12, to find out how she was doing.

“Hi, Mary. It’s Bob. I thought I’d let you get settled in before I called.”

“Well,” Mary said, laughing, “I guess I’m settled in. I think I’m thoroughly confused, is what I am.”

“Oh?”

“Well, I started calling Sunday afternoon. I got so excited when the paper came out, I called for two or three hours. But I was still fuzzy on how to tell if a property is a good deal or not. Then I called all yesterday morning and about two hours yesterday afternoon. I called one of the consultants on the hot line, and he told me that I need to ask more financial questions. Frankly, I really don’t know what I’m asking. I’m a little confused about what to offer them....”

Mary was like a little kid who wanted to learn to ride a bike but didn’t want to take the time to practice on the lawn, where the falls would be less painful. I counseled her to quit worrying about what to offer a seller. That was my job. Her task was to look for sellers who were flexible in price or terms—either someone who’d indicated a willingness to discount price for cash or someone who would carry financing with little or nothing down. When she found that, the hot line staff could tell her what to do next. Things would get clearer to her in time.

“Five days ago I didn’t know any of these terms,” she said. “And now they’re beginning to sound more familiar to me. Maybe in five more days, it’ll make some sense.”

“It will.”

“Your book *Creating Wealth* is really helping me.”

“Have you read the chapter on the Lazy Man’s System?”

“That’s what I read last night before I went to bed. Tom told me to read that. It helped.”

“Now, what are your five lines in the water?”

“I’m skimming the daily ads. Sending letters. Passing out fliers. I got in touch with one creative Realtor. He’s going to give me expired multiple listings on a daily basis. I’m going to call them personally and see if they might be flexible.”

“Excellent. One of my friends is an expert on using expired listings. His standard offer is seventy-five percent of listed price with five percent down and the seller carrying the financing. For every hundred offers he makes, only one is accepted. But that one makes it worth the effort.”

“But how do I come up with five percent down? Bring in a partner?”

“Right.”

“I’ve already been doing some partner prospecting—telling people what I’m doing and asking if they’d be interested.”

“Good. You might find some partners at the local investment club meetings.”

“Yes, I’m going to the meetings this weekend. I’ve already met the vice-president of one of the groups. He specializes in foreclosures—bought over twenty properties in the last eighteen months. He’s going to let me go with him to a foreclosure sale and watch what happens.”

“What about your daily routine?”

“It’s pretty much established. I wrote it down last night, realizing that sometimes it won’t work this way. Two small kids can punch holes in a routine pretty fast. I am getting up every morning at 5:30 and exercising. If Steve is away, like he was last week, I have a memorized hour-long exercise routine that I do. I listen to tapes while I exercise. When Steve is home, I prefer to go jogging. After that, I have a little quiet time. Doing a little bit of reading—usually an inspirational book. I prefer to read the real estate books at night before I go to bed. It sinks in better then. Basically I make calls all morning while the kids play.”

“How are you feeling?” I felt she still needed to let loose with some feelings.

“I’m really excited. But yesterday I was feeling a little confused, you know.”

“You just have to plow through the confusion until the lights come on.”

“I’m not throwing in the towel by any means. When I get to that point, I just sit back, take a deep breath, and try to find out who knows the answer. I look through the books you gave me, *Nothing Down* and *How to Write a Nothing Down Offer* that your brother wrote. It’s coming slowly.”

Mary hung up the phone partially rejuvenated. She felt reassured that she was on the right track although she still felt lost. In the next few days, her calling proved more fruitful. One home was priced at thirty-one thousand. The seller had an existing loan of fifteen thousand, only wanted seven thousand down and would carry a second mortgage for the balance. Mary even went over to the woman’s home to inspect it. The woman’s husband wasn’t there, but there seemed to be a measure of flexibility that she had not found in calling other sellers. Tom instructed her to make an offer. She excitedly filled it out with his help and dropped it off at the house, anxious for a reply.

And she was getting nibbles on some of her other lines in the water.

“Are your fliers working?” Tom asked her during one afternoon telephone call.

“Yes. But with mixed results. One man called wanting to sell his house for forty-two thousand in an area where I know the houses aren’t selling for more than thirty-eight. He thinks it’s worth a lot more than it is. I also got a call from a lady who wanted me to come right away and see her house. She said, ‘We just want to get rid of it.’ So I left the kids with a neighbor and went. It was a real eye-opener for me. I can’t believe how some people live. It was a mess. It really needs painting. Outside and inside. The payoff on their loan is twenty-eight five. And all they want is twenty-nine thousand for the place. So they can get into another place. The payment per month is \$346 at twelve percent interest.”

“What’s the house worth?”

“I don’t know. If it was painted, fixed up...maybe thirty-two, thirty-three.”

“Only maybe?”

“I’m not sure. It’s just in such terrible shape. The weeds were so high...”

“Weeding and painting aren’t that tough. When I do cosmetic work on a house, I try to keep it under five hundred to seven hundred dollars. Or I won’t buy it.”

“The basement smelled musty. Now, does that necessarily mean it leaks?”

“No, not necessarily.”

“I checked around, and there were some water stains where the sewer had backed up. And it’s right next to an apartment complex, so it’s not a very desirable location. There’s probably not a whole lot of equity in it. As a matter of fact, I’ve never seen anything so awful.”

“Your eyes will be opened.”

“A lot more?”

“Yeah.”

“Oh, gosh.” She wasn’t looking forward to that kind of enlightenment.

“Try and keep track of the calls from your ads and fliers. If one works better than the others, we’ll put more emphasis on it.”

“Thanks, Bob. I just needed some emergency counseling.”

“Good luck, Tiger.”*

8.

It was time to check on Philip and Karen. We exchanged greetings, and then I got right down to business. “I tried to reach you several times yesterday,” I said, “but you must have been out.”

“Yes. I’ve been working on the Leduc property and a couple of others.”

Philip had met someone at the Leduc fourplex the day before who told him he thought the property was worth forty-eight thousand dollars—much higher than the appraisal at the attorney’s office. I told Philip to make an all-cash offer of twenty-three thousand dollars with a closing date in the future of at least thirty days.

“Now, about the matter of earnest money. Do you have any savings at all?” I asked.

“I have fifty dollars, and I just borrowed fifty more. So I have a hundred dollars now.”

“Okay. Try to tie it up with fifty dollars.”

Then I explained how he could find a partner to come up with the necessary cash. Once the property was bought, it could be refinanced for as much as thirty-five thousand dollars, based on its appraisal of forty-eight thousand. The new loan proceeds would pay back the partner and leave at least ten thousand dollars’ profit to split after closing costs. “You’re onto a good one here,” I said. “Don’t let it go.”

“I’ve also found another good one,” Philip said excitedly. “It’s on Maryville in the Century West End. It’s an ideal home, priced at twenty thousand dollars—three-story, four bedrooms. I went and looked at it yesterday. The wood floor has been water damaged, but the seller put a new roof on it.”

“Why is he selling?”

“He said he just wants out. He says its appraised value is forty thousand dollars. And he wants a price of twenty thousand. I think it’s because he’s white and this neighborhood is racially mixed. But the neighborhood is coming back. His sister is a real estate saleswoman. And he said I would have to go through her. So she could get the commission.”

“How did you find it? Twenty thousand dollars sounds too good to be true.”

“Through the paper. I’m getting more confident in my calling. People even seem to help me now when I don’t ask the right questions. They correct me.”

“How are you feeling about your new profession?”

“People are saying they’ve seen a change in me. A drastic change. Even Karen has said she’s seen a change in me. We’re rich now. We just don’t have any money.”

Philip laughed, and then he said more seriously, “Some of my friends are rooting for me. But some are actually trying to hold me back—as if they’re jealous, or something. They’ve even got jobs and more money now than I do. I haven’t figured that out yet. I wonder what they’re jealous of?”

I understood immediately. “They can tell that you’re going places,” that you’re climbing out. If they can hold you down, they’ll be justified in saying that there is no way out of mediocrity. But if you make it, Philip, it’ll be proof that they can do it, too. You can’t let them hold you back. You’ve got to show them there’s a way out.”

“You bet I will,” he said, letting the thought sink in.