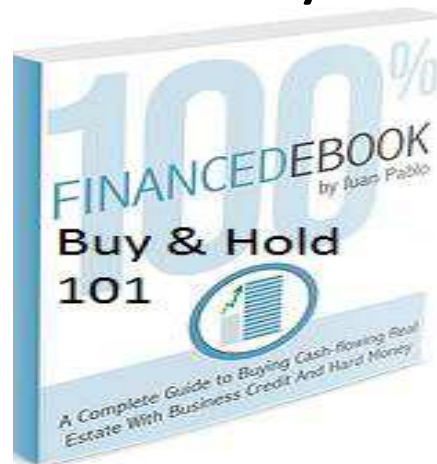


100 Percent Financed

Getting Started in Buying and Holding Real Estate

Sample eBook for Easy Mailbox Money



By Juan Pablo

100percentfinanced.com

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Preface

This guide is practical in the sense it is based on actual application by its author and not theorized.

It is intended for the men and women whose most pressing need is for money; who wish to get rich first, and philosophize later. It is for those who have neither found the time or the means, nor the opportunity to go deeply into the study of metaphysics, but want results and are willing to take the conclusions of science as a basis for action, without going into all the processes by which these conclusions were reached.

In writing this eBook, I have sacrificed all other considerations to plainness and simplicity of style, so that all might understand. The plan of action laid down herein was deduced from the conclusion philosophy; it has been thoroughly tested and bears the supreme test of practical experiment; it works. If you wish to know how the conclusions were arrived at read the writings of the authors mentioned above; and if you wish to reap the fruits of their philosophies in actual practice, read this book and do exactly what it tells you to do.

Juan Pablo.

Introduction

“Every failure brings with it the seed of an equivalent success.”

(Napoleon Hill)

My dream was to become a multi-family real estate investor after many failed attempts at being promoted through various employers. However, like most people starting out, I possessed almost impossible resources to make my dream come true. I wasn't making enough money; but because of my tenacity, my belief that things appear for those who are truly ready for it, I resorted to creative measures in the midst of these limitations.

It all began May 2007, I graduated college broke--no job and owing creditors \$23,000 worth of bad debt. When I say bad debt, I mean buying things on credit that did not produce any income, and I wasn't paying the minimum payment required on my personal credit cards, either. So basically, my credit was shot. I moved back to my mom's house and worked at a minimum wage job, even though I graduated with a Bachelor degree in Economics with a 3.2 GPA.

I couldn't stand the menial position I was in because I believed I deserved more out of life.

I began doing whatever it would take to get myself out the hole I dug myself into--going on job interview after job interview, spending time at the library daily to work on my resume and read books that pertained to personal development and success, and I went to church to strengthen my faith--that's it.

There was no "hanging out" for me. Six months later, I received a job offer within a government agency located in New York City and I packed my bags! Within three days of living in a strange city without any friends or family, a friend of an associate who I was staying with advised me that I ultimately I had two days to vacate.

Meanwhile, I had about \$200 to my name and nowhere to go. I decided not to worry about it. I met up with a fraternity brother I found online who said I can sublease his dorm room while he does a study abroad program in South Africa.

Upon our meeting, apologetically, he stated that he couldn't lease me the dorm since I wasn't a student and felt really bad about my situation. He decided to write me a check in the amount of \$750 for my inconvenience!

I quickly deposited the money in my bank account and went online to Craig's list to search for a room to rent. By this time I had one day to find a room or I'd be homeless.

So, I found a wonderful lady in Jersey City, NJ who was willing to let me sublet a room in her house. She wanted \$850 a month for the room but I only had \$700 left. She accepted the \$700 on the condition that I would pay her the difference when I got paid my first check from the government in three weeks.

I moved in and later paid her the \$150 I owed, but she said I didn't have to provide her with

the security deposit she normally charges her boarders.

Her line of work consisted of hosting international students in her primary home for a monthly fee that included furnished rooms and meal service. I began helping her with the day-to-day duties of cleaning, welcoming students, and providing them with tours of New York City. It came to a point that she was so pleased with my assistance that in order to express her gratitude, she reduced my rent over three times--from \$800, to \$700, then to \$0 in the following summer for agreeing to give up my bedroom and sleep on the living room floor.

Granted this wonderful opportunity, I continued to help her and learned the rooming business. For the next three months, I saved the most money I have ever saved in my life--\$3000!

One day, she and I went walking and I noticed ten houses that had 'For Rent' signs posted in the windows. I called all ten and the tenth house, which was a block over from where I was living, had a three bedroom apartment renting for \$850 a month utilities included.

“When one is truly ready for a thing, it puts in its appearance.” This is when it hit me: I was paying \$850 for a bedroom, but a block away there's an apartment for \$850. Someone will pay up to \$850/room in this apartment. I poured my whole savings into this investment opportunity.

My landlord introduced me to the agencies that sent her international students and upon me contracting with these agencies; I eventually leased all 3 bedrooms while I slept on the futon in the living room. I was receiving \$2100 each month from the agencies while my rent was \$850 monthly. I was making money off of something I didn't own.

My dream was to be a real estate investor. Now I was granted an opportunity to gain additional capital to pay off debts and save for my first house. In 2009, two years after graduating college, I paid of \$23,000 worth of debt and became debt free.

In 2009, before I owned one single property, I worked diligently to pay off delinquent credit cards and collection accounts, so that my credit would prove worthy to qualify for a mortgage.

In 2010, I acquired my first property—a duplex! Later that same year I purchased a single family home —by using my savings, personal loans from my credit union as well as my personal credit card that I recently paid down! All accomplished by the age of 26 years old.

The properties still cash flowed, but it was difficult obtaining loans in 2011; my debt to income ratio was higher than the standard requirement. So, in 2011, I slowed down and didn't acquire any more properties, but I focused on paying down my debts again to get my debt to income ratio in order to qualify for mortgages.

In 2012, I acquired a quadplex and this time I used my savings and tax return as a down payment. Late in 2012, I became frustrated. Why? My dream was to retire from my day job at 30 years old, I had a year to go, and my passive income was nowhere near where it needed to be. I desperately needed to take a quantum leap to go from earning \$2000/monthly in passive income to my goal of earning \$8000/monthly in passive income.

Then in January of 2013, I was introduced to what I call my Money Team...my business credit cards. Since getting access to business credit cards, I was able to get access to an additional \$100k in capital. I used this capital towards down payments on multi-family properties—21 additional units to be exact.

In total, I purchased a single families, duplexes, triplexes, quadplexes, five units, and nine units. Plus, I have additional units under contract at the time of this writing.

My debt failure brought me its equivalent of debt success based on my ability to assess my situation and strategically make use of the circumstances that surrounded me to work in my favor. And within these pages I will reveal the steps that I have personally taken to gain wealth and say goodbye to the 9 to 5 forever.

Chapter 1: What is Business Credit: *Defining and Procuring it*

“All that we are is a result of what we have thought.”

(Buddha)

Many people think business credit is referring to hard money, home equity loans, or lines of credit. Simply put, Business credit is credit cards for your business. Yes, credit cards. As perplexing as it may be to fathom using credit cards to acquire passive income, it's most certainly possible. Business credit cards catapulted me from the 9 to 5 realm to the newfound world of financial freedom. Business credit can jump-start anyone's multi-family investing career to make it take quantum leaps. Allow me to give you a brief overview of how you can obtain business credit and of what you can do in the meantime if you do not qualify for business credit.

Small business owners for working capital and asset acquisition purposes commonly use business credit. Basically, business credit can hold the business owner over until he or she receives the necessary funds to pay off a bill, or to use them to buy income-producing assets like multi-family housing.

Just say that you own real estate and you have an unexpected much needed repair, such as a furnace breaking down in the middle of winter; you can quickly hire someone to repair it and pay for the labor and materials with your business credit card.

With the proceeds of your cash flow use that money to pay the debt incurred from the unexpected expense. Even if you have reservation about using business credit to acquire multi-family housing it is still useful for emergencies. Instead of having large reserves set up for maintenance and repairs. Any large reserves can be held for acquiring more multifamily properties if you chose not to purchase them with business credit cards.

I personally have used business credit to acquire multifamily properties by simply converting business credit into cash and having it directly deposited into my business checking account. The cash was later used as the down payment funds.

This method helped me get richer quicker by giving me access to capital without having to take the time to save the money needed for down payments. The process of how to utilize this technique will be discussed in future chapters.

One of the great benefits of using business credit as compared to personal credit is that it doesn't report to personal credit reporting agencies; such as Experian, Equifax, or Transunion. Business credit reports to Dun & Bradstreet, Experian Business, Equifax Business, and Business Credit USA using the business name, address and Employer Identification Number that the IRS provides after incorporating the business with the particular state.

Unlike personal credit, your business credit scores range from 0 to 100 with 75 considered an excellent rating. Obtaining a vendor line of credit (credit that can only be used at a

particular establishment) such as a home improvement store credit card, will report to the business credit bureaus to increase business credit.

Do not put too much emphasis on the business credit score. The majority of the emphasis should be placed on an individual's personal credit score.

A 680 credit score is perfect for qualifying for most mortgages on an investment property; however, a 720 personal credit score is ideal to qualify for business credit. If you do not have a middle credit score of 680, it will be difficult to leverage credit to acquire multi-family housing.

You'll need to do (a) bring a qualified partner into the deal that has the credit score or (b) work on a credit restoration program with a credit repair agency to increase your credit score. Starting off, I didn't have the credit necessary to buy a house. So, I hired a credit repair agency. You can find your own credit restoration agency or use the one I recommend here. If you're interested in learning more about credit repair services, visit our valuable resource page.

Many business credit card lenders look at the borrower and not the business for the products I used and recommend. Why is that? It is because you as the borrower are personally guaranteeing it. Lenders want to see the creditworthiness of the borrower. As a personal guarantee, the business credit card companies may report to your personal credit report if you default.

If one day you decide and do apply for business credit, inquiries will show up on your personal credit report and may slightly reduce your credit score.

But there's a way to get the inquiries removed and you'll find out how if you keep on reading. Getting all inquiries removed can increase your personal credit score up to 50 points. Banks do not like to see many inquiries, for it portrays the potential borrower as desperate for credit, and banks do not like to lend to people who are desperate.

Borrowing funds from your personal credit to use for real estate reports on your personal credit. If the debt borrowed relative to the maximum credit limit is high, it could prevent you for qualifying for mortgages or applying for business credit. Consequently if you need additional funding intended for business use, you should consider using business credit and not personal credit.

In my opinion, personal credit should be used for mortgages only, for most mortgage companies prefer to lend to an individual than to an entity. Don't get me wrong, they will lend to an entity, but the terms may not be as favorable as if you owned them in your personal name. I would not advise using your personal credit for any other financing purpose (buy things that do not produce income) unless you ran out of business credit and had a "deal of the century" presented before you and you had to leverage your personal income.

Being that business credit comes in the forms of credit cards, there are no prepayment fees as with some loans. The great thing about business credit cards is that you can charge them, pay them off, and charge them again. In addition, you can continue to get increases in credit lines to buy more and more multi-family housing. This eBook will show you how.

Most of the business credit cards have introductory Annual Percentage Rates (APRs). Typically, they are 0% for the first six to twelve billing cycles (at the time of this writing) and may increase to 8.99% to 15.99% in interest, which is determined by the lender. For investing purposes, ask the business credit card company what the interest rate would be after the introductory period and ask how much the minimum payment would be once it expires and use that figure for your cash flow analysis discussed in Chapter 3.

Normally, the minimum payment is calculated as 1% of the balance plus any interest accrued for that billing cycle. Again, this can vary from lender to lender, so make sure you know the terms up front before you borrow a single cent.

Minimum Requirements to Qualify:

1. 720 Credit Score
2. No major delinquencies on credit report (foreclosures/bankruptcies)
3. No minor delinquencies on credit report in last two years (no missed credit card payments)
4. 10 years credit history
5. 30% or less revolving debt to credit ratio

6. At least \$5,000 in revolving credit limits personally

If you have a business partner that meets the requirements above have him or her apply and he or she will receive a new funding estimate.

If you don't meet the qualifications mention above but are close enough, consider applying for it anyway. The business credit-consulting firm I used consulted me without charge on what I should do to qualify. I followed their council exactly and I was able to meet the criteria.

If you are nowhere close to qualifying, many of the company I am familiar with will not provide services for those who do not meet their qualifications. Don't fret! Search for credit repair companies and get the assistance in getting your credit repaired.

If you lack the funds to pay off debt, or to hire a credit repair agency perhaps you should wholesale deals or do a couple flips with hard money to get extra capital. These steps are outlined in later chapters.

The application process for applying for business credit is easy. Obtaining enough money for a down payment (\$50,000 plus) is doable. In 2013, I've obtained \$110,000 in business credit and I've used every penny of it to acquire multi-family housing in which I will pay off the debt with the rental income received from my tenants. Keep in mind; results may vary since everyone's credit and business ventures are not the same.

Chapter 2: The Steps to Applying For Business Credit

“I will prepare and some day my chance will come.”

(Abraham Lincoln)

Begin by looking for consulting firms that will help you obtain business credit. Personally, I've had great success with a consulting firm finding me the business credit I needed to get deals done.

Here's the process: Apply electronically and receive consultation on how much you qualified for, and receive several business credit cards thirty days later. Consulting firms know exactly what the underwriters for these business credit card lenders are looking for and they make sure they set your application up in a way that looks attractive to lenders.

Why do I recommend them? Because consulting firms obtain the maximum funding for each client for every round. It's up to the borrower (you) on how much business credit you can take on. Plus, you do not owe them a single dime until you receive the business credit cards in hand.

Once the cards are received, you will owe the consulting firm 8%, at the date of this writing, as their consulting fee of whatever amount is awarded. Basically, they are like a brokerage

firm and I love brokers for they always find me deals, the mortgage and the business credit needed for down payments while I spend my time analyzing deals and enjoying the fruits of my labor.

When you apply online to a business credit-consulting firm normally one of the representatives will contact you to provide you with consultation. If interested in working with the company I work with [click here](#), Most consulting firms will tell you a range of what you can qualify for now or they will tell you what you need to do to increase your credit to qualify. Believe me, they know what they are talking about. Heed their advice and contact them back.

If you are told that you are a potential candidate for the products they have to offer based on your personal credit, they will ask you if you currently have a registered business to receive business credit for; if not, you can always create one. I am not a tax professional, so seek professional guidance from your accountant and attorney regarding which entity is best for you, and ask how business credit may affect your taxes.

Actually, create two businesses: one business to receive business credit and the other business to convert the business credit to cash. For example, lets say your first business is named ABC Company that has been awarded business credit with the help of a consulting firm. Then you have the merchant account with XYZ Company that will be used to process purchase transactions with the ABC business credit cards. For accounting purposes it will show that you have a credit for one business and a debit for another. However, I am not an expert in accounting, please consult with a tax professional for guidance.

I went online and visited the Secretary of State website in my area and registered my businesses without any assistance. One of my businesses was created two years ago for the international student venture, and the other business, which is a property management business (being that I manage my own multi-family housing out of state), was created in February 2013.

Out of the \$110,000 in business credit I received, \$17,500 was awarded to the business I started in 2013. That dispels the misconception that you have to have a business operating for two years to receive funding (seasoned). After you create the businesses get an EIN from irs.gov as well as a DUNS number from Dun & Bradstreet.

Dun & Bradstreet creates a business credit file for your business in which lenders may look at when you are applying for business loans. Set up a business checking account to receive your business credit cards once it's time to process them for cash.

When the business credit-consulting firm begins the business credit process, do not seek financing anywhere else until the application process is complete. Do not incur new debt or fall behind on current payments during the application process. If you apply for debt while under the process, you may have a new inquiry on your personal credit report and the new business credit card lender may reduce the amount they want to lend to you. Do not do it.

While applying, some business credit card lenders may call you to ask questions. The main reason why these underwriters are calling you is to find a reason to deny your application. Therefore, what you say to them is very important. If you don't remember your annual business income, the reason why you are applying for business credit, your annual expenses, how much income you project to make off the business credit; it may be to your advantage to simply hang up the phone. Let me emphasize, "hang up the phone" and call the business credit-consulting firm if you don't feel confident in answering the questions yourself.

Tell them exactly what was discussed with the underwriters and ask what to do next. They will advise you on how to proceed. Keep in mind that a business credit-consulting firm is applying on your behalf, so if the underwriter asks did you submit the application, say yes without mentioning the business credit-consulting firm whom assisted you.

When I applied for one particular business credit card, they immediately began grilling me with all types of questions. They wanted to know the nature of my business, why I needed the business credit, how I intended to pay it off, and a bunch of other questions. As I had them on the phone, I emailed my point man at the business credit-consulting firm while on the phone with the business credit lender and told him about the conversation and asked what I should do. He called me on the other line and told me to end the call with the underwriter until I had the information required readily available. You certainly do not want to appear unknowledgeable about your business when they call.

After I retrieved all the necessary information requested of me and provided it to the lender, I was awarded \$1000. They awarded me that amount because I expressed I needed it for various expenses. However, the business credit-consulting firm advised me to call them back and tell them I need a higher amount, for I would like to carry my monthly expenses on this card. They reversed their decision and increased the amount to \$5000!

Most business credit-consulting firms will send several applications on your behalf, and you may receive rejection letters. Forward each letter you received to the consulting firm and they should be able to advise you on how to reply. I received rejection letters and that did not dismay me. I actually had two lenders reverse their decision and award me business credit because I took the initiative to contact them and explain the reasons for my derogatory credit history and how I became responsible for my debt.

If you receive rejection letters because of your past, do not be overly concerned about it. We all have a past. Speak with the underwriters and tell them you were once financially irresponsible and you turned a new leaf. You are now financially responsible and your newfound credit proves it.

When you are awarded your first round of business credit, rejoice and contact the consulting firm. Strategize with them on how you can obtain additional rounds before you use the amount you received for your first round. Again, I received \$10,000 in my first round of business credit. Once I received the credit cards in hand, I asked them how could I receive more business credit. The business credit-consulting firm I secured noticed \$9000

in personal debt that was preventing me from obtaining additional business credit. It was suggested I should transfer this debt to the business credit cards, create another business, and get some of the inquiries on my personal credit report removed. I did as they suggested and my credit score increased dramatically from the less debt utilization and inquiry removal.

Again, everyone's credit situation is different, so the great thing about consulting firms is that they advise everyone on a case-by-case basis. Please take note that these business credit cards should only be used for your real estate investing purposes, not to buy a car, new shoes, or pay off bills that do not produce income for you.

Obtaining business credit cards and not using them for business purposes that produce income can be dangerous to your personal and business credit, so use them wisely. If the credit cards are used for consumer use or to acquire assets that do not produce income, then you and your business are solely responsible for paying down the debt without the help of the revenue received from clients, customers and tenants. In the next chapter, I'll show you how I used them to get multi-family housing

Chapter 3: Obtaining Multi-Family Properties Through Business Credit

“Your ability needs responsibility to expose its possibilities. Do what you can with what you have where you are.”

(Theodore Roosevelt)

When you receive the business credit cards, you don't have to wave a magic wand over the them to make cash appear. All you need is a credit card processor. If you have a smartphone, you can download apps to process credit cards and have cash deposited into your business checking accounts for purchasing power. If you do not have a smartphone, you can process credit cards online, but the processing fees may differ. I've used popular credit card processing apps and card readers, cash advances, balance transfers, etc., but they limited me in regard to the fees charged, interest rates, the amount of money I could withdrawal from the card in a single transaction, as well as the amount of money I could withdrawal in a month. The company I use and recommend is found on the 'Valuable Resources' page.

When I applied for a credit card processor (card reader), I mentioned that since I have a property management business, I have some tenants and students who may want to pay their rent using a credit card instead of cash. Moreover, some of them pay more than one month's rent at a time (up to \$3000 per transaction). So, I may process about \$10,000 a

month. I told them additional details about my business and I received a card reader for my smartphone to process the business credit cards.

They, as well as most credit card processors, charge a processing fee per swipe, so make sure you take the fee into consideration when looking for a credit card processor. Some may also charge a monthly fee as well.

If possible, apply for more than one credit card processor, so you can get access to the money faster. When you make purchases (when you slide your business credit card through the card reader you are making a purchase) make sure you do not exceed 90% of the credit card limit and that you have a deal in mind that will pay for the minimum monthly payment.

If you get awarded \$20,000 for your first round of funding, it can take you up a month or more to access 90% of the cash from the business credit cards depending on how many transactions you are authorized to make per month and per swipe. Have this money sit in your business checking account for two months (61 days) before applying for a mortgage.

Most mortgage brokers request copies of your past two month's bank statements. So, if this money was sitting in your business checking or savings account prior to more than two months ago, they will not question you or require explanation for each deposit made into your business checking account. If they ask where the funds are coming from, it's coming from your savings.

As mentioned in the previous chapter, you may receive a few inquiries on your personal credit report when you apply for business credit. The business credit-consulting firm will send out multiple applications at once and the lenders will want to see your creditworthiness by checking your personal credit report.

When applying for mortgages, some mortgage companies may not approve a loan if they see too many inquiries on your personal credit. Most lenders, whether they're lending for credit cards or mortgages, are terrified of inquiries and will run in the opposite direction of "yes". It may be in your best interest to get them removed. For Experian and Transunion, the inquiry removal process can take up to 30 days. For Equifax it can take longer; however, most lenders for mortgages and business credit cards look at your personal Experian and Transunion reports—from my experience--not so much with Equifax.

This may not be the case with your mortgage broker. That's why it's always a good idea to contact your mortgage broker and ask questions before you start giving them your personal information. Ask your mortgage broker how many inquiries does it take to prevent you from obtaining a mortgage, what is the minimum credit score needed, as well as what credit reports do they look at, and when do they want to see your creditworthiness.

If you find that you need to remove inquiries, contact your business credit consulting firm and ask them which inquiries you can safely remove and which ones you should keep. If you're interested in finding out whom I used to remove inquiries, check out the "Valuable

Resources” page on the website. You can also search to your favorite search engine—just make sure you do your research on those selected.

The second step in the process of using business credit to buy real estate is to get the inquiries removed if they are hindering you from qualifying for a mortgage. Mortgage brokers may require a letter of explanation for each inquiry on your personal credit report. Fewer inquiries equates to fewer explanations. The mortgage broker may also ask you for copies of your two most recent bank statements. Once you have all your ducks in a row, your mortgage broker should be able to furnish you a pre-qualification letter in which you’ll provide to your Realtor. You can find mortgage brokers by asking members of your real estate investment group in your local area for recommendations, finding them on a search engine, or phone book. I found two great mortgage brokers through cold-calling.

If you keep funds in your business account for two months, you’d have to factor in two months of paying the minimum payments on these business credit cards into your business model. Normally, commercial mortgages for multi-family housing have lesser requirements in contrast to residential mortgages. Some may not require copies of your bank statements, but this is not always the case. Commercial mortgage lenders may require a proof of funds (a printout showing your current bank account balance) and that’s it.

Based on my experience, residential mortgages put 80% of their underwriting focus on you, the borrower, and 20% on the income-producing asset. Underwriters for commercial loans,

on the other hand, place 80% of their focus on the income-producing asset and 20% on the borrower.

In my business model, I use business credit and commercial loans for acquiring multi-family properties (5 units or more). Multi-family housing tends to yield higher cap rates and higher cash flows that can afford to pay all expenses, monthly mortgage payment, and the monthly business credit card minimum payment (not saying I only paid the minimum payment). It's easier to get your hands on more passive income with multi-family housing. Also, there's fewer questions asked. Sometimes I get lazy in filling out applications and writing letters of explanations. I prefer to take the easy route and commercial loans fit the bill. Sometimes, the easy route yields higher returns, too.

Small residential deals (single family up to 4 units) may have better terms on their loans (lower interest rates, longer amortization periods, lower down payments required, etc.) but they can ask a lot of questions and take longer to close. Don't count out residential properties. Single-family homes are good for flips and you can acquire them 100% financed, too. I'll discuss how to acquire them using hard money in a later chapter.

Again, when you have your funds sitting happily in your business checking account, you should contact a mortgage broker and tell him/her how much money you have and to provide you with a pre-qualification letter which states how much money you can borrow for a mortgage and the terms: amortization period, interest rate, and the down payment required. Have your mortgage broker email you this pre-qualification.

Basically, the business credit funds you have in your business checking account would be your down payment money for multi-family housing (or you can use them to buy a property cash and refinance it to get your money back). If using the funds for a down payment, multiply the business credit funds by 3.33 and you can come up with a rough idea of how much of what purchase price you can afford with a little cushion. If you were awarded \$20,000 your first round, then you should be looking for deals with a purchase price of \$66,600.

Generally speaking, mortgage companies want you to put a 20% down payment. 5% of the purchase price would go towards closing costs and the other 8% or so would be a cushion just in case you need it for other expenses. If you need additional capital, you can wait for your second round of funding or do flips on the side (discussed in a later chapter).

Once you have your pre-qualification letter, contact 25 listing agents in the area you want to invest. If you're new to investing, I highly recommend you investing in your backyard (30 minutes driving distance from where you live). If you are a seasoned investor, then you may entertain investing outside your backyard. Call 25 listing agents; find them on loopnet.com, yellowpages.com, realtor.com, or find them from real estate groups you're involved in. Express to them you are a novice investor taking a course on investing and you'd like to do business with them once the course is complete. They don't need to know the source of your funds. Don't portray yourself as a big shot unless you already have investing experience. Ask for an email address and send them the type of deals you are looking for.

Real estate is a numbers game. Some of the 25 listing agents might think you are a joke, never reply to your email, or never answer your calls-and that's okay. That's why I said you should contact 25. Out of the 25, about one-fourth will send you deals for years to come.

Wait a minute, you might be asking, "I thought listing agents worked with Sellers and Buyer's agents worked with buyers like investors, so why would I contact listing agents?" Well, listing agents have seen the property and know why the Seller is selling. This way you know right off the bat the condition of the property and the motivation of the Seller---you are in a position to gauge whether the Seller is in a "want to sell position" or in a "need to sell position".

If it's a need to sell, then you have the upper hand in negotiation. You want to do deals with "need to sell" sellers. The mindset you need to have is that you basically "want to do" the deal but you "don't need to do" this particular deal. If the numbers do not work for you, you walk away and look forward to the next opportunity. There's plenty of deals out there, so don't settle for less.

When you email the listing agents, include your pre-qualification letter and proof of funds as attachments. Next, notify them you are looking for multi-family housing with high cashflow, in high cap rate areas (low crime) in which tenants pay separate utilities. You will want something that's 100% occupied and spitting out cash flow upon closing (no fixer-uppers).

Then, when the listing agent sends you listings, you analyze the following:

1. A purchase price that's three to four times your proof of funds. If you have \$50,000 in your business checking account, then you want a multi-family you can acquire with the purchase price of \$150,000 to \$200,000 to cover a 20% down payment and closing costs. If you are using funds from another source (savings, retirement accounts, etc), then you can get a property with a larger purchase price. Make sure the purchase price is 80% of the appraised value so that you can have equity at closing and be able to pull money out later through a cashout refinance. You can use the money you pull out through refinance to pay off the business credit card or to use as a down payment for your next investment.
2. It must be a multi-family that has a high cap rate (over 10%) in low crime area. Low-income investments are fine as long as they house section 8 tenants. To check if an area is high crime, call the local police and ask about crime reported at the property/neighborhood in the last year.
3. The multi-family property must produce cashflow. Cashflow is calculated as your gross rents – expenses such as taxes, insurance, utilities, management fees, maintenance (5% of gross rents), vacancies (5% of gross rents), and debt service such as mortgage payment and minimum credit card payments. There has to be money left over to pay you every month for a job well done—to be financially intelligent enough to borrow 100% of the money and still make a profit every month. For the business credit card minimum payment, make sure you use the minimum payment that goes into effect once the introductory APR expires.

Once you acquire the multifamily property, I recommend allocating about 15% of gross rents towards your monthly business credit card payment. I applied my 10% reserve (vacancies and maintenance) plus an additional 5% to my monthly business credit card payments. If you ever need to tap into your reserve to cover a vacancy or maintenance expense, you will simply pull this money off your business credit card and have access to it in less than three business days. If you are having several vacancies and repairs on a single property monthly, then you made errors in purchasing the property. When you get a home inspection, find out everything that's wrong and try to have the Seller pay for the repairs or roll the cost of repairs into the mortgage and fix everything up front. If something breaks, it could be possible that the tenant caused it and the tenant should be responsible for paying for the repair (assuming you placed this in your lease). If you are interested in paying off your business credit cards off sooner, then you can do flips with hard money (discussed in a later chapter).

If you are new to real estate investing or buying real estate with 100% financing, I advise

you do not....**[THIS IS NOT THE END OF THIS CHAPTER. THIS IS A SAMPLE EBOOK; HOWEVER, TO READ THE REST OF THIS EBOOK, CLICK ON THE LINK BELOW TO PURCHASE IT AT A NOMINAL COST. WHAT'S \$10 COMPARED TO AN EDUCATION THAT CAN POTENTIALLY PUT CASHFLOW IN YOUR POCKET OFF OF ONE DEAL?]** [100 Percent Financed Buy and Hold Multifamily Housing 101 complete eBook](#)

I hope this guide will be extremely useful to you. I spent weeks researching and writing this guide in hopes that It'll add great value to your investing career. If you have any questions or disagreements with the content presented in this guide, feel free to email us. I would appreciate it if you would send me suggestions on how to make this guide better as well as other topics you would like me to touch on in the future.

Many thanks,

A handwritten signature in black ink, appearing to be 'JPB' or similar initials, with a stylized flourish extending to the right.

Juan Pablo