

## **SPECIAL REPORT- Part 3**

### **How to Invest in "Out-of-Town" Deals**

## **How Much Money Will I Need... What Sources of Money Can be Used?**

Buying with All Cash • Using Traditional Financing  
• Using Private Money • Using IRA Money

**NOTE: The "Additional Logistics" section mentioned in the video is at the bottom.**

The amount of cash will obviously be determined by the type of property, but we'll cover some basic guidelines on "out of town" so you know if this is a fit your situation.

There will be basically 3 types of Out of Town deal strategies you'll be focused on:

1. Quick Flips for Cash
2. 5-7 Year Holds
3. Long Term Rentals

Let's go over all 3:

### **Quick Flips for Cash**

**The least amount you'd probably be able to get in for would be \$10,000.** You probably won't get 100% ownership, but more of a partnered deal where you put in \$10k, and 9 others put in the same amount, an LLC is formed and you each own 10%

**Your Own 100% deals**...well the amount you'll need varies depending on the property.

You can easily buy rentals from bulk REO groups that well for \$30,000 and rent for \$400-\$600 a month. Not much cash flow now, but at a purchase price of \$30,000, it wont' take long to pay it off.

**Median Range Deals**....Nice median range deals that would rent for \$1200 to \$1,500 per month can be picked up for \$80-90k. Houses that were sold just a couple years ago for \$250,000 to \$350,000

**Don't Forget about...** Holding, closing, repairs, commissions on both ends, etc. If you're buying through a buying club or bulk REO program, these things will already be factored in, if you're dealing with a good operation.

### **What Type of Money & From What Source:**

**Your Cash:** Obviously you can use your own cash and since it's a short term 30-60-90 day flip, it won't tie up your money for long.

**Private Money Cash:** Don't have cash? No problem, hook up with someone who does, and share the profits. You bring the deal and the legwork, they bring the cash.

**IRA cash** Easily use IRA or other retirement account monies to purchase deals out of town, just like you can or do with deals in your own market area. Of course, you'll need to be set up with a custodian that allows IRA real estate deals like Equity Trust company or other similar institutions.

**Traditional Financing:** Does not work for these transactions.

### **5-7 Year Holds**

**Same purchase price points as in the previous strategy, but it will be easier to use bank financing on these type deals.**

You probably won't get as good a deal if you have to go the financing route, since it involves a lot more steps, but still plenty of good deals if you want to or have to use bank financing.

**NOTE:** Your local bank will most likely NOT work with you on out of town deals. Need to be working with national lender or use the lenders that are associated with the buying club you're dealing with.

Using traditional financing on these can be good, since you'll be able to leverage more of your personal cash and get into more deals simultaneously, or just spread the risk by not having all your cash tied up.

### **Long Term Rentals**

**Same purchase price points as in the previous strategy, but again, it will be easier to use bank financing on these type deals.**

### **Buying Through BULK REO programs**

**Most often will need cash, some have arranged in-house financing, but its' a lot harder to get a typical loan in another town...**

Great deals if you've got cash or can get a hold of some cash through Private Money, IRA money, Partners, etc.

### **BUYING Tours, Clubs & Groups**

**Usually 2 options:**

1. **Buy with all cash** at lower prices, quick-close transactions  
You can still use anyone's cash, IRA \$\$, private money, etc.

OR

2. **Use bank financing** (usually theirs) for longer term holds and slightly higher price points

### **A Few Additional Logistics of Buying Deals in Other Towns Through 3<sup>rd</sup> Party Entities**

Here's some quick advice on some of the more logistical aspects of buying deals out of town. In the report that accompanies Video #4, we have an entire checklist of what to look for.

**Quick Tip #1:** Be sure that **purchase money is wired directly to the Closing Agent**, Closing attorney, Title company or whomever is actually handling the closing. NEVER send or wire any money that is supposed to be part of the purchase money to a 3<sup>rd</sup> party organization.

**(EXCEPTION:** some organizations will require upfront fees of \$500 to \$5,000 which may later apply towards purchase money. Be sure the documentation is very clear on this.)

**Quick Tip #2:** Be sure you've read the escrow agreement in detail and payment criteria just in case the deal goes south. Don't simply rely on someone else's word, get it in writing. (this just makes good sense in any deal)

**Quick Tip #3:** The good and reputable organizations, like Bulk Reo club buying tours will allow you to apply your initial upfront monies to the purchase price. (some companies will charge from a few hundred to a few thousand dollars for the privilege of buying through them. This is Not a problem, just need to be sure that money gets applied to the purchase price or subtracted off the top from the resale.)

Norm Reid's "How to Invest in Out of Town Deals" Special Video Report Series  
Get more details at: [www.20DealsAMonth.com](http://www.20DealsAMonth.com)

**Quick Tip #4:** If you're planning on renting the property, be certain it can rent for what they said, talk to a property manger in the area, or get some sort of rental guarantee from the club.

**Quick Tip #5:** Be sure you know ALL the fees involved. When buying through these type organizations, there are usually fees and expenses you're not used to seeing, so you've got to ask. Fees like broker commissions on BOTH ends of the sale, their commission or cut of the deal, rental management fees, rehab overages, who pays for lost rent, what happens for damages before or during rental period...All of these questions need to addressed up front.  
(more on this in report #4)

I don't' mean to scare you away with all the logistics, but it's a lot like the deals in your own area, but with just some additional things to look out for.

In video #4, coming soon, we'll cover what to do next! And the accompanying report will contain a full checklist of what to look for.

Till then, you can check out more info on my blog at: [www.20DealsAMonth.com](http://www.20DealsAMonth.com)