

# Towards Wealth



## JANUARY NEWSLETTER:

A newsletter for people interested in getting wealthier as real estate investors

## It is the beginning of a whole new year.

How did you do in 2016? It is time to set some new goals and formulate a plan to get wealthier in 2017. Reflect upon **2016's success and setbacks** and make



new plans. Even if your plans become thwarted by events outside of your control, a plan means you are intending to move forward and do something.

## Get out the pen and paper!

Besides the normal planning for how many deals you are going to do in the coming year, and how much money you will make, plan for networking and learning a new technique to expand your real estate wealth making ability.

If you have a plan, then you are more likely to be prepared, and when you are prepared you are much more likely to fall into a few lucky deals along the way.

**So, do not put off planning for 2017...Do it Today!**

## Jim's Wealth Building Workshop The Real Estate Investors 3 Day Million Dollar Seminar

**MILLION DOLLAR  
REAL ESTATE  
INVESTORS  
BUSINESS PLAN**

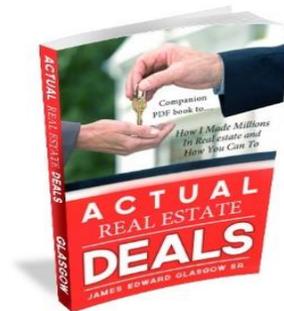


March 24<sup>th</sup>, 25<sup>th</sup> 26<sup>th</sup> 2017



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Spend some time on the Towards Wealth web site and look at all that is provided there for real estate investors

and Private lenders. Register for the newsletter and get free PDF books.

## Alternative Real Estate Investing



When you are in a **sellers' market** such as this one, it keeping prices high, thus making flipping and buying rent houses harder to do, it might be time to look at other real estate investments opportunities.

### Consider:

- Mobile Homes
- Mobile home parks
- Parking lots or storage lots
- Self-storage
- Small warehouses
- Small Offices or apartments
- Building a 4 plex
- RV parks, Retail strip centers, etc.

You get the idea start thinking outside **the box. I've just scratched the surface.** Look for other opportunities where the crowds are not buying so that you can find a deal. Finding problem properties and solving the problem can make you richer.

## What is Tax Deductible when you buy a house?

### PRIMARY RESIDENCE - TAX DEDUCTABLE ITEMS

1. Real estate taxes you reimbursed to the seller

2. Real estate taxes you paid to the tax authority
3. Any loan points
4. Loan origination fees
5. Interest Paid

Other expenses, such as title fees, real estate commissions, documentary



stamps, credit report costs, costs of an abstract, transfer taxes, home

inspection, flood certificate, attorney fees, etc. are not deductible, but are added to the cost bases of the property.

### RENTALS PROPERTY - TAX DEDUCTABLE ITEMS.

The following settlement fees and closing costs are deductible as your rental expenses:

1. Insurance premiums.
2. Loan or refinance fees.
3. Points (discount points, loan origination fees)
4. Mortgage insurance premiums,
5. Fees for an appraisal required by a lender.

The following settlement fees and closing costs are not deductible, but rather added to the cost basis of your rental property (keep the records, these go with your permanent records).

1. Abstract fees,
2. Charges for installing utility services,
3. Legal fees,
4. Recording fees,
5. Surveys,
6. Transfer taxes,

7. Title insurance,
8. Any amounts the seller owed that you agree to pay, such as back taxes or interest, recording fees or mortgage fees, charges for improvements or repairs, and sales commissions.

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## Towards Wealth

### Meet-Up

Every other Wednesday at Denny's at Loop 410 at Blanco Rd. San Antonio, TX 6:00 PM until 8:00 PM Bring your Business Cards!



Next Meeting  
Jan 4<sup>th</sup> 2017

**Meetup Topic:** General discussion of alternatives to single family investing. Bring your ideas!

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### Join the Free Towards Wealth Investors E-mail Share Group



This share group is for all Real Estate Investors in Central & South Texas. Post your deals, what you have, what you want and your real estate needs. Trading information with others so that we all make more money.

When you send an email to this group the email goes to all members.

- Post your real estate deals

- Post Your real estate wants
- Post Your real estate needs
- Ask the group a real estate related question
- Help fellow real estate investors by answering their questions.

**Subscribe Here:** [grouptexas-subscribe@yahoogroups.com](mailto:grouptexas-subscribe@yahoogroups.com)

### Promote the Group

Promote this group by inviting all your real estate friends near and far. The bigger the group the more deals and opportunities that come to all of us. [More info](#)

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### Driving for Dollars



Driving for dollars, is the process of driving targeted subdivisions with the intent of locating distressed and or abandoned properties.

### Defining a Market Area:

**Before you start driving, it's a good idea** to establish the area you want to target. This will depend on your goals, exit strategy and other factors such as: tax assessed value, house age, zip codes, crime rates etc. Whatever criteria you are using to define your targeted driving areas.

## What to Look For

When driving for dollars there are several things that indicate a distressed property.

- Tall Grass
- Piled up newspapers
- Overgrown vegetation
- Boarded up or broken Windows
- Mailboxes filled to the brim
- Code Enforcement or government notices taped to the door
- Deferred maintenance
- Trash cans not out on trash days
- Any indication the house is not cared for or is vacant.

## Record the Addresses

As you drive and locate distressed properties, make note of the address and condition. Take a picture or two of the property as well. You could include the picture in the mailout letter and to remind you of which house it was

## Research

When you get back home research the properties you located on your counties tax office web site. This is when you filter out properties that do not fit your criteria. For example, if you are looking for high equity properties you need to look for deed dates 12 or more years old. Make certain that the current owner is not a bank or LLC. Make a list of all the properties that fit your criteria to mail letters to.

Once you have finalized the list of property addresses **it's** simply a matter

of selecting your marketing piece of choice, whether that is a yellow letter or a postcard. I get my best response rate by using larger size envelopes and a letter template using a Lucida calligraphy font. I use their name and the property address in the body of the letter. Print one picture of the house (thumb nail size) on label paper and stick the picture on the envelope. This increases the response rate. Hand addressing the envelopes also helps get the letters opened.

Make certain to use the owners address indicated on the county tax record. If the property is owner occupied the mail will go to the house, and if it is an absentee owner it will go to wherever their tax bill goes. Continue to mail to your distressed house list every 2 to 3 months. Remember the key to success is to be persistent and consistent with your marketing efforts. You get the best results with repeated mailings.

The more difficult it is to find the home owner, the less competition there will be and that means more deals for you.

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***With intelligent effort comes reward.***



Things do not always go the way you planned and when it does go awry being mentally prepared gives you the

courage not to panic. First if you are out there doing something sooner or later you will get lucky and make some money, it's inevitable. On the other hand, sooner or later, no matter how well you planned everything, things will happen that make your money-making plan go slower, faster, harder, get more expensive or something will veer it of course.

**One way to be prepared** is to consider the worst-case scenario and ask what if this or that happens, what will I do? With experience handling adversity gets easier just as experience eases the scary parts of investing. Budget for some amount of unknown cost and know where you will get the money. Plan for the extra expenses that might occur. Plan for the unexpected by considering some alternative or possible outcomes. Don't bet the ranch on any one deal (I try to not have more than 10% to 15% of net worth) in any one deal. If you do a worst-case scenario be sure to do a best-case scenario too. Be careful that negative thinking does not lead you to in-action. If you do not have an occasional loss, you are not trying hard enough. Besides, we all learn more from the mistakes we make than from the wins.

**I have faced cash flow shortages** dozens of times over the last 40 years and I most often come out further ahead because I carried the investments through the rough spots. I remember one deal where I had received an offer from a bank to buy one of my commercial properties. Two weeks before the closing date, the bank holding company gets sold and the deal

dies. I had carried the property for six months waiting for the bank to close on the deal and it might be another year before I get another purchase offer. I simply raised the asking price by twice my extra carrying cost. It took two more years, but I got the higher price I wanted. The real estate agents all wanted me to lower the price for a quick sale and I wanted to maximize my return on investment. My reasoning was that if one bank was willing to pay that much for the location, someone else would to, and they did. For two years, I was short of cash carrying this property at \$2,300 a month plus taxes. In the end, I got \$100,000 extra for my trouble so it was worth staying the course.

**If a deal was good to start with?** Hold your ground, with good planning you can do that no matter how scary it is. If the deal was flawed from the beginning, get out, take your losses and move on to another deal. Just remember if you fall in love with any investment it is no longer an investment, but rather a hobby. Hobbies are the bottom-less pit you throw money into.

**If you want to get rich?** You are always looking, always planning, always thinking and always doing.

And that, dear reader, is how all them folks who make money get so damn lucky.

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