

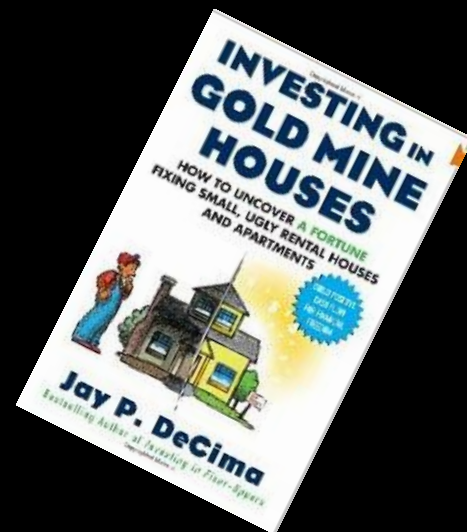
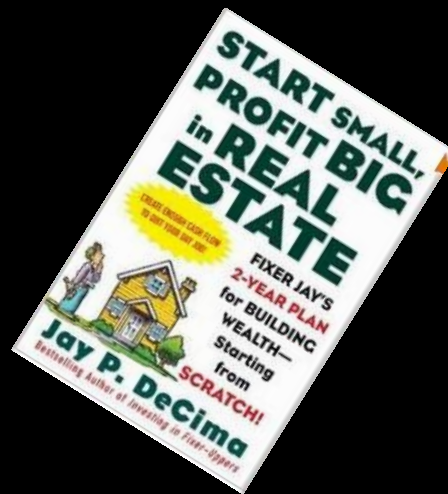
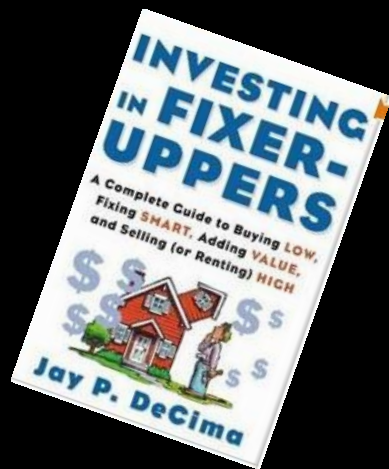
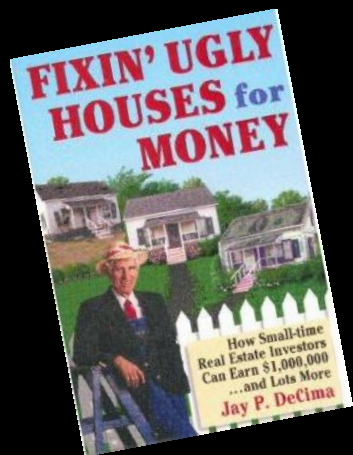


INTRODUCTION to COLONY HOUSE INVESTING (MULTI-UNITS)

THE QUICKEST PATH to CASH FLOW WITH SMALLEST RISK

About 'Fixer' Jay

- I've been Involved with Real Estate for 50 years!
- Been through THREE Real Estate Up & Down Cycles
- Purchased all kinds of property with all kinds of methods
- Settled on Multi-Unit Fixers for many reasons
- Written 4 books, teach and do seminars about it



Real Estate Cycles

- What **HAS** happened in the past.
- What **IS** happening right now.
- Future predictions - where are we likely headed?

Getting started

My feeling is this: part-time investors or those just starting out need training and experience in about equal proportions.

Stated another way, they don't need a lot more education than they can use or apply. They need enough education and know-how to begin; and then on a continuing basis as they gain experience from doing it.

Right off the Bat I Need To Tell You...

- 95% of All Properties Available – Lose Money.
- Mainly the homes we live in.

TONIGHT – we'll talk about the kind
that Earns \$\$ Money

Medium Tract Houses – My Town (3/2 1,250 SqFt)

\$300,000 Market Value 2006

\$165,000 Market Value 2010

Purchase to Rent – Non-Owner Occupied
\$165,000

\$33,000 Down Payment (%20)

Mortgage: \$132,000 6.5% 30 yrs - \$834.33

Top Rent: \$1,200/mo (lots of vacancies)

%35 = \$420 Operating Expenses

(TAX, INS, Mgmt, Repairs/Maintenance/Vacancy Allowance)

Mortgage Payment: \$834.33

< 54.33 > NEGATIVE Cash Flow (\$1,200- \$420- \$834.33)

Getting Started – Priorities

- We want cashflow now – appreciation is gravy
 - Take care of monthly cashflow needs first!
- Money Machine – make it work!
 - The Bigger the Problem you learn to solve, the larger the profits you'll earn for yourself

Using The Most Powerful Wealthbuilders

1. Leverage – Control Multi-units
with 10% down.
2. Compounding – Rapid Growth
of Asset + Earnings.

Compounding

- \$10,000 in the bank for 10 years
- Compounding @ 25% Annually
- Grows to:

\$93,000+-

Colony Houses Often

Average 50% Compounding or
Higher

\$10,000 Compounding @

50% = \$588,000 in 10 years
time!

Where's The Money Coming From?

Summary of Annual Returns

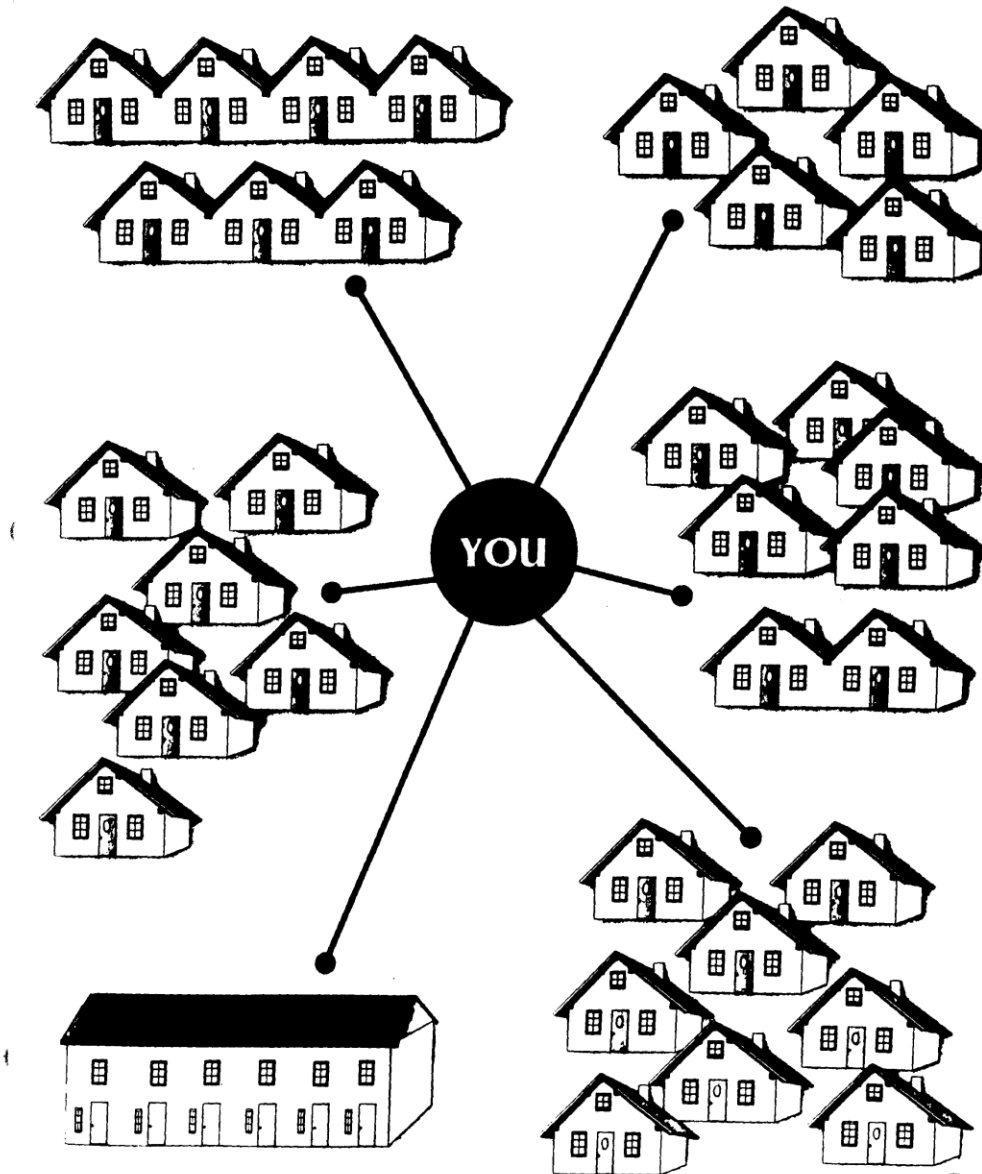
Colony Houses - (6 Rundown Rental Houses or Apts)

	% Range of Returns		
Appreciation	%20	to	%130
Cash Flow	%05	to	%40
Equity Build-up	%10	to	%30
Tax Benefits	%05	to	%50
<i>Total</i>	<i>%40</i>	<i>To</i>	<i>%250</i>

This wide variation of percentages is obviously dependent on many factors, as you might guess!

However, I can assure you, many investors have achieved high returns like these!

The Colony Concept



Colony Houses Concept

Before Improvements

LOCATION	Description Of Units	No. Units	Avg Rents Per Unit	Mo. Rents	Annual Rents
LOC 1	Duplex + 5 Detached Houses	7		\$3,610	\$43,320
LOC 2	8 Detached Houses	8		\$3,715	\$44,580
LOC 3	6 Unit Apt Building	6		\$2,625	\$31,500
LOC 4	7 Detached Houses	7		\$3,725	\$44,700
LOC 5	4 Unit Apt + 3 Unit Apt	7		\$4,475	\$53,700
LOC 6	5 Detached Houses	5		\$2,645	\$31,740
TOTALS	Small Apts + Houses	40	\$520	\$20,795	\$249,540

Colony Houses Concept

After Two Years With Improvements

LOCATION	Description Of Units	No. Units	Avg Rents Per Unit	Mo. Rents	Annual Rents
LOC 1	Duplex + 5 Detached Houses	7		\$5,130	\$61,560
LOC 2	8 Detached Houses	8		\$5,400	\$64,800
LOC 3	6 Unit Apt Building	6		\$3,675	\$44,100
LOC 4	7 Detached Houses	7		\$5,275	\$63,300
LOC 5	4 Unit Apt + 3 Unit Apt	7		\$4,475	\$53,700
LOC 6	5 Detached Houses	5		\$3,845	\$46,140
TOTALS	Small Apts + Houses	40	\$695	\$27,800	\$333,600

2 Years after purchase 34% rent increase
 (\$84,000) - Avg Rents from \$520 to \$695

COLONY FACT SHEET

6 Properties – 40 Units

- Gross Annual Income \$333,600
- Owner Operator Share (30%) \$100,000+-
- Tax Shelter (From Depreciation) \$80,000+-

This Means VERY Little Income Tax

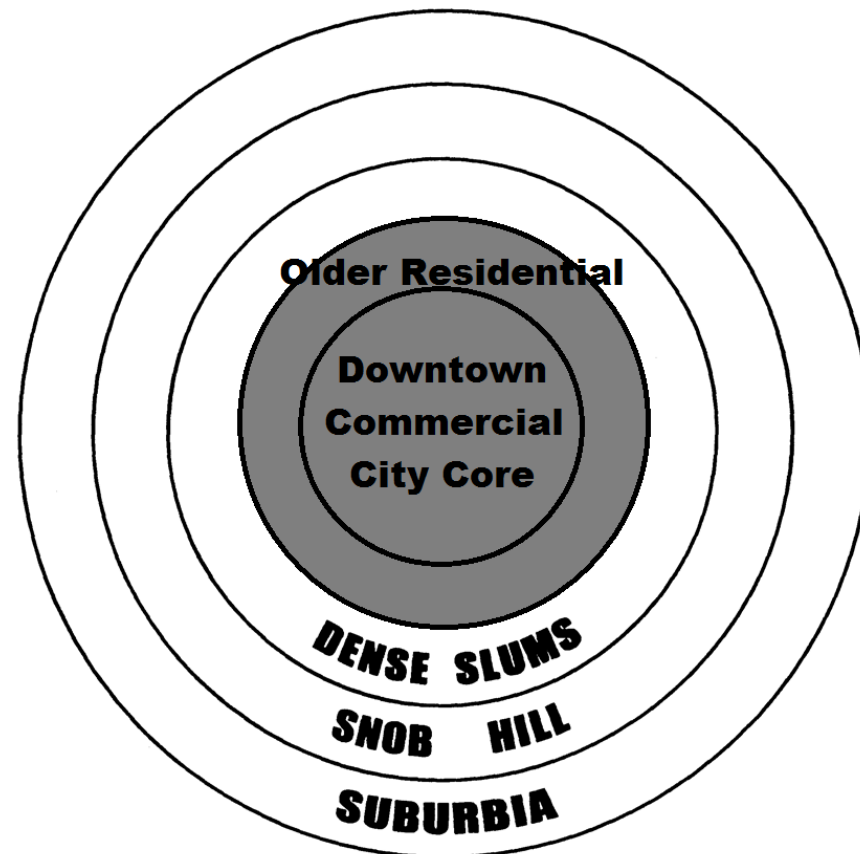
Gross Rent Multiplier Chart

Income/Value

Typical small Income Properties 2-bed Units, 750 Sq Ft
Jay's Investment Area (Example 6 units)

GRM	Description	Unit Rent	Rents (6)	Annual (6)	Value
15X	Snob Hill	900	5,400	64,800	972,000
14X	Premo	875	5,250	63,000	882,000
13X	Deluxe	835	5,010	60,120	781,560
12X	Desirable	795	4,770	57,240	686,880
11X	Average-Plus	725	4,350	52,200	574,200
10X	Average	675	4,050	48,600	486,000
9X	Rough	595	3,570	42,840	385,560
8X	Rundown	525	3,150	37,800	302,400
7X	Pig Sty	450	2,700	32,400	226,800
6X	Falling Down	375	2,250	27,000	162,000

5 Investment Locations



Most duplexes and multi-unit properties recommended in this presentation can be found in almost any sizable town or city in 2 locations;

DOWNTOWN COMMERCIAL & OLDER RESIDENTIAL

How do I find these properties?

1. Multiple Listings (Agents/MLS)
2. Real Estate Agents
3. Classified – RE Booklets/Websites
4. Creating Deals – You Find
5. Cold Call Letters

Remember:

good deals aren't found, they're created!

Important Investor Differences SFH vs Colony Houses

	SFH	Older Multi-Units
Value Determined By	Comparables (Comps)	Rent Multiplier
Financing	95% Bank	95% Sellers
Unit Cost	Higher	Lower
Return on Investment	Low	High
Appreciation	More	Less
Cash Flow	Minimal	
Wealth Builder Speed	Slow	Much Faster
Selling-Financing Value	Mostly Bank Appraisal	Mostly Seller Creative Seller

MAJOR ADDING VALUE BENEFITS

1. More Cash Flow
2. Borrowing Equity
3. Create Next Down Payment
4. Investor Safety

Getting started – Funding!

Low on start-up capital?

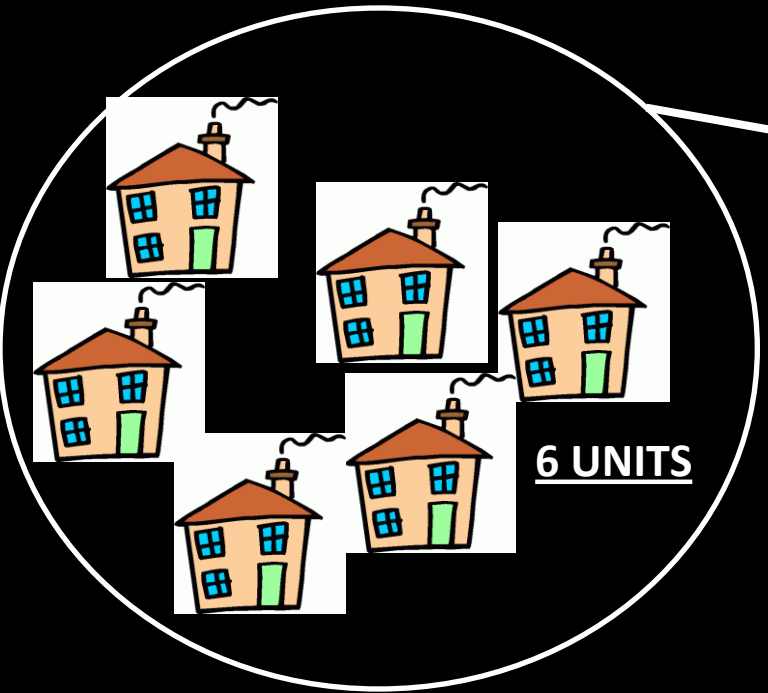
- Sell part ownership to a \$ partner -
 - Provide a needed service for the opportunity to purchase
- Down Payment
 - Money Partners
 - Use Money from Flips or other RE methods
 - Trade fix-up costs as down payment
 - Use other properties as collateral (Create a note)
 - Lemonade Down Payment
 - Fix-up clean-up credit – w/option to purchase

Deed
Of
Trust

\$35,000
Promissory
Note
\$406.39/mo
10 Year
%7.0

Down
Payment \$

10 UNITS



6 UNITS



\$500,000 Value in 2 years

10X Gross Annual Rents \$695
(\$50,000 Income)

\$300,000 Purchase Price

8X Gross Annual Rents \$525 ea
(\$37,800 Income)

\$30,000 Down Payment

\$270,000 Mortgage Debt

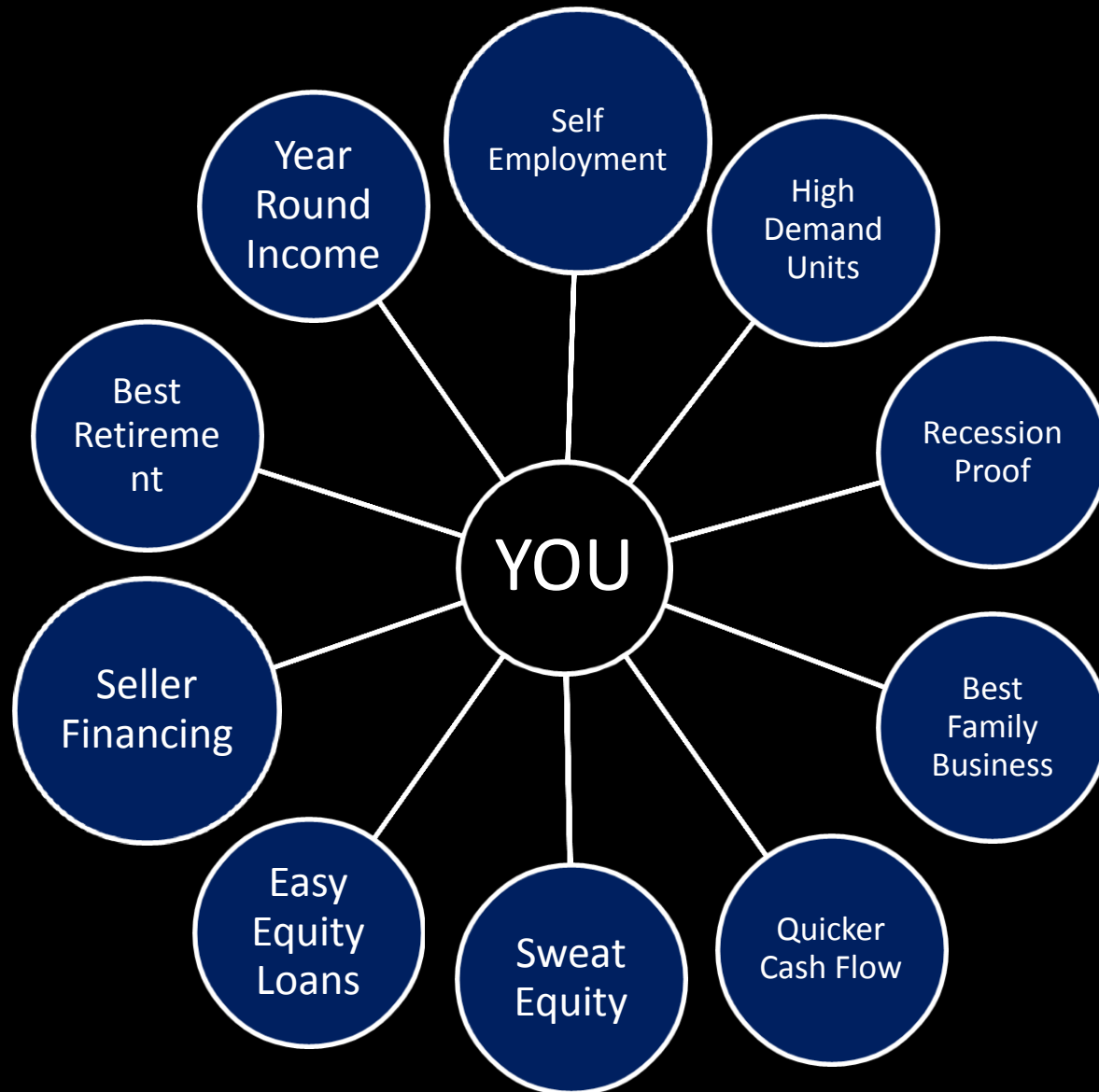
**Creating Note for
Down Payment**

Getting started – Property

My Favorite type is Seller finance

- 80% of the deals I've done have been with seller finance
- Negotiate with terms
- Wraps, etc
- Look for Properties with equity
 - Even motivated sellers have trouble selling for less than they owe!
- Look for Property which is unable or difficult to get conventional financing (fixers!) - these are best for Seller Financing.

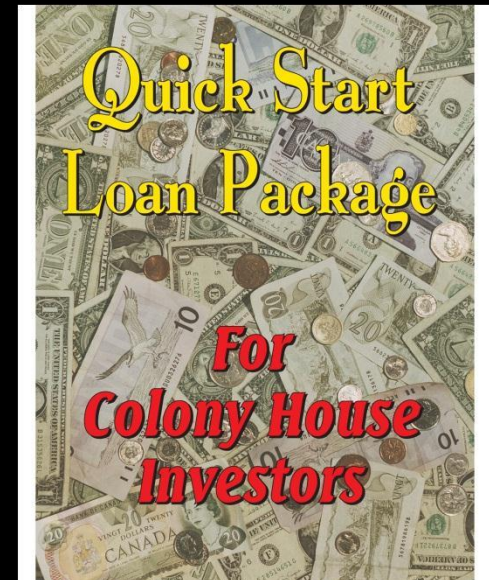
Why COLONY HOUSES



SELF-EMPLOYMENT RECEPIES

“Special Loans”

For Colony House Investors



Part-Time or Start A Brand New Career

BLUE JEANS MILLIONAIRE

COLONY HOUSES

\$495

YOU ALSO GET "QUICK-START" LOAN PACKAGE

Loan Requirements (3)

1. Purchase Twin Pack Study Courses
2. Attend 3 Day Training Seminar
3. Sign-up For Telephone Mentoring

Book Tour Special:

You Get Full Purchase Credit of \$495 to Attend Jay's
3 Day Training Seminar