

Michael: So you have the website, you can do it on audiotape, a CD Rom – you've got to get them all ways to get your message to them to give them a chance to listen to your message. Those are the tools that allow you to duplicate yourself.

[Music]

Rufus: This is Rufus.

Michael: Hey, Rufus. This is Mike Senoff in San Diego here.

Rufus: You know, I appreciate you calling back so quick.

Michael: No problem. I like to get back with people. I hate waiting and you shouldn't have to wait either.

Rufus: Well, good, thank you. I was at your website and I wanted to get some information from you. I'm looking for ... I've got a couple of systems – well, I call them systems. I'm kind of a market student. It was interesting. I was going through your list of things of what I need help with and that kind of stuff and my thing is I need to be able to package what I've got and sell it. I've been ... I was a real estate broker for about 12 years, and the system that I'm working right now is a system for buying and selling foreclosures, well actually pre-foreclosures. I've been doing that for about 5 years. What I've got is ... I kind of have a little bit or a knack, or developed a little bit of a knack for writing ads, so I've got some ads and postcards and letters that is kind of an initial contact. They call into an 800 number voicemail system. They get a 5-minute greeting and after that they download – kind of a Jeff Paul 3 hoop approach.

Michael: Exactly. This is from your own experience, you want to create your own marketing product.

Rufus: Yeah. What I've done is I've taken that concept and I've used it to get ... I generate lots of phone calls from sellers that are in pre-foreclosure stage and I get them to do the deal. So, what happens is I collect the deal, I find investors to sell my right to buy – I assign my interest in the deal to these investors and me and the investor both end up with a minimum of 10 Grand a deal.

Michael: OKAY. And you're producing tons of leads?

Rufus: Well, tons – that's a relative term. I produce enough to do about four deals a month.

Michael: OKAY. That's great.

Rufus: Oh it's huge, man. But you know what I want is, I want to be able to – the guys I'm working with now they can do a minimum of four deals with the lenders that I'm working with now. So after they do their four deals – they make 40 Grand – they got the property and they've made some front, middle and back end profit on the deal – so they're happy. But I've had a couple people say, "Hey, Rufus, I want to continue. I want to keep making this 10 Grand a deal. How can I do that?" This one guy, we kind of talked about it, and I decided to charge him 20 Grand to continue. For 20 Grand, I give him another 10 deals. So it's like for his 10 Grand he makes 120, he gets the 20 Grand back plus makes another 100, or something like that. But the bottom line is – and this guy's willing to make this money – and I'm kicking myself now thinking I probably sold too cheap. I don't know.

Michael: All right, so the guys you're doing the business with are your investors.

Rufus: Yes, investors.

Michael: And what are they, just private investors?

Rufus: Yeah. All they are is people that have an interest in real estate and don't know how to get started, but they've got strong credit and money for a 10% down payment.

Michael: So, when you're buying these pre-foreclosed properties, you're taking ownership of the property and then you need to sign the property over to somebody.

Rufus: No. What I'm actually doing is just getting sellers to sign a purchase agreement to commit to sell it to me. In the terms that is explained ...

Michael: So, you lock up the deal. How long do you get to lock it up for?

Rufus: Probably as long as I want, but I can close the deal with the lenders that I'm working with in about ... well, less than 30 days.

Michael: OKAY.

Rufus: So, I basically lock it up. I've got investors that are kind of standing by, because I've kind of pre-sold them on this idea. So, they are pre-approved and they're basically waiting. So, I get the deal locked and I say

2

“Hey, John, I’m ready to go.” We send him and all the paperwork to the lender. Usually we can close in about a week or two from that time. So, what I’ve got right now is, basically a system for getting the leads, a system for taking those leads and turning them into a deal, and then once they’re a deal, I just basically hand them off to these investors ...

Michael: And you walk away.

Rufus: You know what? I haven’t been walking away. It’s kind of neat. What I’ve been doing is selling it to them for 10 Grand up front, plus 50% ownership in the property. So, if the deal goes bad, I help kick out the people and put some new people in, whatever. And it’s been working pretty good. But I just want to be able to step away from it and continue to make money. Do you know what I mean?

Michael: Do you want to still be half ownership of the property, do you want to turn everything over to them and maybe charge them more up-front money and then really just walk away.

Rufus: Yes and no. I still like doing the deals, so I don’t really know ... maybe what I want to do is to do that kind scenario in states outside of my own.

Michael: Now that you got the system, you’ve proven it, it works for you – it’s probably not slam-dunk. It’s a lot of work, I’m sure.

Rufus: You know what? It’s not totally slam-dunk, but it’s not a lot of work either. What I’ve done ... I’ve been putting this together over a period of about five years. And right now, the due diligence process that I go through and the hoops that I have the sellers jump through – they get qualified pretty good. And so by the time I really even spend time talking with the people, they really want to work with me. I’m not selling them on me, they’re selling me on them. You know what I mean?

Michael: But everything is kind of smooth sailing. Why don’t you want to just keep everything as it is or exactly what is it that you feel like you need to do or want to do. I’m not quite sure.

Rufus: What I want to do is expand into some other ... well, a couple of things. I want to expand to some other states. I also want to develop a way ... I mean right now each investor that I’m working with can only do four deals.

Michael: Why only four?

Rufus: Well, that’s only with the lender that I’m working with. I’m sure that there are other lenders that can allow people to do more deals. The problem is

that when you're buying an investment property, the more ... once you get to four, lenders start to get a little bit skittish.

Michael: Do you hook your investor up with your lender?

Rufus: Yeah. Here's what the investor does. It's crazy. The investor basically comes to closing, signs, and walks away with 10 Grand.

Michael: So you're setting up the lender.

Rufus: Oh yeah. I set up the whole deal.

Michael: So, you only have how many lenders?

Rufus: Well, I've got one that has been proven and they can only do four deals with these investors. And I've say only four – they could probably do more but it's a quick program that I'm working with right now.

Michael: What kind of lender is that? A bank?

Rufus: No, it's a broker, a mortgage broker.

Michael: A mortgage broker. So, there are ...

Rufus: There's another broker ... well, two things. Brokers, there are probably, I know there are other brokers that can do more, but they haven't been proven and I've gotten tons of deals screwed up trying to cut different, you know ...

Michael: What do you mean they haven't been proven?

Rufus: Well, what I mean is that they understand that these deals are totally time sensitive and I need quick turnaround and I need people that kind of understand – well, as an example, some lenders, if the property is in foreclosure, they will only approve a loan for someone to buy it if it's only in a certain stage of foreclosure. There's no guarantee that these deals are going to be in any particular stage. So, I want somebody that if I just want to buy a house, or I have an investor who wants to buy a house, who cares what stage of foreclosure it's in. My guys credit is AAA.

Michael: So you want to work with a lender that's going to work with you.

Rufus: That's what I mean.

Michael: That isn't afraid and that will work fast on your behalf to get these deals finished.

Rufus: Absolutely. And I know that there have to be more than the ones I'm working on, or that I'm working with right now. I've got one that does the four, one that says they can do up to 18 for each lender or for each investor, but I'm just starting to cultivate the relationship with them. So I don't know. You know, everybody looks good in warm-ups.

Michael: You're a little limited by your lender. Does your mortgage broker have to be in your area geographically?

Rufus: No, I don't think so.

Michael: They can be anywhere?

Rufus: They can be anywhere. So I guess ideally what I'd like to do because I've been able to do, you know, I've probably average about probably two to three deals a month. I've done four, maybe five, on a couple of occasions, but this has just been since over the last probably six months to a year that I've been ... because I've been tweaking, working out all the bugs.

Michael: Okay

Rufus: So right now, with the set up that I've got right now, I know I can do three to four, but I would like to be able to expand to other places, and I think that there are other people that would benefit from this kind of assistance, and maybe I could walk away a little bit.

Michael: Now when you say other places, it sounds like you need more lenders to work with you so you can increase the amount of deals.

Rufus: Yeah, I do. I do. And I guess what I'm really trying to say, man, is that I would like some advice from someone like you as to whether or not I should look to ... ever since I first started learning about marketing and the Jeff Paul's and all these different people, I thought man, that would be the ultimate scenario to be this marketing coach and up selling my system and they're calling me for questions and whatever, and I'm wonder how much of that is just kind of ...

Michael: Well it's totally doable. If you've done it for five years and you've got a system in place, and you've worked out all the bugs, and you are doing two to three deals a month ... do you get to net that? Are you netting 30 to 40 Grand a month from this? Or do you have other expenses?

Rufus: Yeah. Well see because it's all cash. It's an all cash business.

Michael: So you're making 30, 40 Grand a month, pretty consistently now that you have everything worked out with a unique system in buying and obtaining control over pre-foreclosed properties. Correct?

Rufus: Correct.

Michael: And you've got a way to generate and identify these properties, you've got a way to get that person to call if interested, you've got a way to educate them a little bit on the phone. Then it's a matter of once you've got that lead, and they've raised their hand, you take them through your system and show them how your service can benefit them. Once that's done, and you feel like you've got a deal, you take control over that deal and then once that's done, you have lenders ready to invest and a mortgage broker who knows how to implement and finalize the closing.

Rufus: Correct.

Michael: That's your system. Now if I was a mortgage broker, I'd sure as hell want to know how you do that. You could create an information product for two markets. You could create it specifically for mortgage brokers as a new revenue, a new source for generating income. Number 1.

Rufus: Wow, sure.

Michael: Or you could create it for the casual real estate investor as a new way to make money. Someone who's already buying and selling, or doing something with mortgages that's totally different. That's a huge market right there. Think of all the nothing down real estate. You have so many people. Now you could market an information product to that person or to the mortgage brokers and you could make money selling the information product, or licensing your system to these people. It depends, do you want to be married to them or do you want to just do the deal and walk away and never have to talk with them again. If you're there and they need you, that's another thing. But sometimes there's a real advantage of not having to be tied to them. Do you know what I'm saying?

Rufus: I do and I guess I would want to get your advice on what you think would be the best way to handle that. I mean I love the business.

Michael: I'd just continue what you're doing and then come up and create, and put this information product into a course. Now I can help you do that because I've got a course, it's a 287-page marketing course, Dan Kennedy/Jeff Paul-style. The whole system already laid out. It was a

6

course for gym memberships, how to get more gym memberships in a month than you'd get all year ... 287 pages, all typed in a word document. That course can be the backbone, or the meat of your marketing course.

Rufus: Got it.

Michael: And it can be just transferred and turned into a product for what you're doing. Then you put your specific information – your contracts, your telephone script, what you say – you'll take them step-by-step what you say to the customer. You could do it several ways. You could write it out or I could help you do ... we could do, I can do an do an interview and we can create three or four hours of audio when we interview you and walk through the whole process. You take them by the hand and create an audio course. Let's say you have three or four hours of audio. Do you think you could explain in detail the whole course right there?

Rufus: Absolutely.

Michael: And then, you take that audio and you have it transcribed into transcripts so you have a bunch of written transcripts of exactly what you've said. You can create a little video of you sitting in front of a desk, explaining some of the same things we talked about in audio. Maybe a little fast start video that's just got to be good enough; it doesn't have to be a major production. So you've got a video, you've got transcripts, you've got audio and you've got a huge course that will teach these people how to do it. So there's your information product. And then the way you market it, we could do some interviews. One, we could do a specific interview where I'm interviewing you, and you're the guy with an information product specifically for mortgage brokers that's going to teach a mortgage broker a new angle in generating income with your pre-foreclosure buying strategy. And that audiotape or downloadable audio file can be marketed to that specific mortgage broker. So you could either sell the information product outright – you could have a couple different options. You could lease the strategies if you want to be tied to them; you could have them pay you a monthly fee for your intellectual property and your strategies. I've got contracts and stuff for all that so you can set that up. That's one way. You're the boss. So a combination of all these things could be done. And then you could do another audio interview for the casual real estate investor as a new angle. Is anybody doing what you're doing or did you kind of come up with this?

Rufus: You know, I've got people out here that are looking to take advantage, not take advantage, but I guess capitalize on the foreclosure market that's out here. I think a lot of them are really taking advantage of the people, more

7

so than really helping them. And I think that – I don't think there's anybody that's doing the deals exactly the way I am.

Michael: Where are you located again?

Rufus: I'm in Minneapolis, Minnesota.

Michael: What's the foreclosure market like there now?

Rufus: Well, it's huge. Last year across the state there were 5,000 foreclosures.

Michael: So there's plenty of deals out there.

Rufus: Plenty of deals. If I could do 100 deals and make 10 Grand a deal, that's a million bucks, and that's not even touching, scratching the surface on the number of deals that are out there.

Michael: Maybe you could just screw the information product and all the marketing of that and just ... it depends on what you want to do. Maybe you can structure your business and just rev it up ten times.

Rufus: Well you know, I like the ... I guess my question to you is the whole Jeff Paul ... that's the one that keeps coming to mind since I've been in real estate – is that, that seemed to be pretty glamorous.

Michael: Well, it doesn't have to do with glamour. Here's the philosophy. You're building the business right now and you're doing pretty good, but you're in the business, you've got to be there. You've got to pick up the phone, you've got to communicate, you've got to be there for the business. Jeff Paul will teach you and a lot of his techniques teach you to leverage yourself. And by creating your own information product and creating all the things you say during a given week to your clients, to your customers, to the mortgage broker, to the investors, that can all be duplicated. You can have that all on a website or on audiotapes, or in your course so you don't have to keep repeating yourself over and over again.

Rufus: Right, and that what I'm ...

Michael: That frees you up.

Rufus: Yes, and that's what I want to do, but I guess I was concerned that once you put it out there ... what if it flops, but my information is out there. Is it still a trade secret now? You know what I mean? Can I go back ...

Michael: If you sell that information, you get it out there, and if it doesn't work ...

8

- Rufus: Doesn't work the way ... if we don't sell hundreds of thousands of copies of this course or whatever. Can I come back and just do deals myself?
- Michael: Yeah, you can do whatever you want. You should still be doing deals, and you'll want to still be doing deals while you're marketing the information. It all depends what you want to do. I mean I would just go do three, four deals a month and continue to market the course. Now, you can make a lot of money doing the deals, but you can make a fortune teaching people how to do the deals.
- Rufus: Would you say that I can make more money teaching people than doing them?
- Michael: Probably, because by putting together a course allows you to become ... there's no limit ... it allows you to duplicate yourself a thousand times. If you have your entire course on a website, through audio, that people can go to your website and listen to every facet of your course that will educate them, you could be teaching a thousand people in one day. All you got to do is direct them to that information. And you don't have to be there. You can be in Hawaii, on vacation, on a boat, it doesn't matter. You're there but you're not there. You clone yourself.
- Rufus: I think that's what I would like to do because like you said, I can still do my deals and teach at the same time because I have a real love for teaching. And that's all I'm doing in my business. I'm teaching, I'm educating the sellers, the home owners on how I can help them, and educating these investors on how to work with me would be a benefit, and probably say the same spiel a gazillion times. And I know that I'm not getting paid the amount of money that I could be. Because what I'm doing is really valuable. I'm just looking to – it's kind of interesting, I still to some degree live check to check. The checks are bigger, but I've got to get outside of the day-to-day stuff. Do you know what I mean?
- Michael: I do, I do. That's the thing. We only are born with so many hours in our life and everybody in the whole world only has 24 hours a day. You got to take those hours and turn them into more hours for yourself, and not for working; and by duplicating yourself and taking your information product and cloning it and getting it in a format that can be duplicated and delivered to your prospects is the key. Tell me how you generate the leads for the pre-foreclosure leads. How do you get the leads?
- Rufus: Direct mail for the most part. I've got a five-letter sequence system and a three-sequence post card system.

Michael: Who are you mailing them out to?

Rufus: People that are in foreclosure. Directly to the people.

Michael: You get a list of people in foreclosure?

Rufus: I get a list, mail out to them and I'm hitting them so many times. Well, you know, the sequence ...

Michael: Yeah, that's right. It's the repetitive mailing. Have you tracked what kind of response your getting?

Rufus: You know what? I haven't tracked it as closely as I should, but I probably ... I go through a ... I've got a – have you heard of ProQuest?

Michael: No.

Rufus: Okay, well they're an 800 number voicemail package designed for real estate professionals. I've got a call report of all the calls – I've tracked it to the extent that I know which call comes in for which ad, or which letter, in fact whether they received it from the letter or the postcard or the call is based on letter two versus letter five.

Michael: What are you finding out? Are calls coming from everything?

Rufus: Most of the calls are coming in from one, two and three. Initially, I was going to trash four and five, but then I started getting calls from them too. Not as many, but ...

Michael: Well, hey, one deal, one call from four or five, is 10 Grand.

Rufus; What I'm finding is that people are calling early on. A couple years ago I learned even further than that, I was getting calls from people almost a year later from postcards they had kind of hanging around. Well not quite a year, probably six, seven months because the foreclosure process is only that long here. Then I thought maybe I should deliberately beat them up for that amount of time. So once I started doing that, people just feel like they're getting letters from me everyday. So they finally like "Who is this Rufus Thibodeaux? I got to call this guy. What's going on?" So that's kind of what's happening. I'm getting – I haven't tracked – I can't necessarily tell you what percentage of people are responding. In my database right now of foreclosures, I've got about ... well; I get about 70 a week.

- Michael: How much mailing are you putting in the mail? I mean individuals, not all the pieces.
- Rufus: How many letters am I sending? Is that what you're saying?
- Michael: Yeah, on your first round each week, how many new prospects are you mailing to?
- Rufus: What happens is I mail to all of them. If I get 70 people, as an example, that particular week, I'm mailing out 70 letters. I've got them in ACT, so ...
- Michael: You're saying your getting 70 leads to solicit to.
- Rufus: I'm sorry, that's what I'm saying.
- Michael: So the county's providing you about 70 names per week.
- Rufus: Correct.
- Michael: Of people going into foreclosure.
- Rufus: Correct.
- Michael: Then the mailing starts.
- Rufus: Right, then the mailing starts. Each of those 70 people get five letters every week.
- Michael: So, really it probably costs you – by the time it costs you your labor and everything, your phone – it costs you about five bucks to mail to someone through the whole sequence.
- Rufus: I don't know. It might be more than that because I've got a couple of people who are helping me stuff envelopes and do mailings. So I have to take a look . . .
- Michael: Let's say conservatively 10 bucks.
- Rufus: Let's say 10 bucks.
- Michael: Ten bucks. Let's say you have 100 in a week. That's going to cost you a thousand bucks a week. Now, out of those 100, how many deals do you think you'll end up with?

- Rufus: The way that it works usually is I will find that I've got 50 people that probably really serious, and half of those are going to be deals.
- Michael: Half of those are going to be deals. Now how do you filter those 100 people. When they call back from any of your letter sequences, are they calling a voicemail or are they calling you?
- Rufus: Yeah. The first thing they can do is they're calling a voicemail. The voicemail gives them the spiel, here's what I do – blah, blah, blah – and that's about five minutes – a five minute greeting.
- Michael: It's a 1-800 number. All right I can listen to this. So that gives them the spiel and what does it ask them to do?
- Rufus: I ask them to move forward in the ... well, basically, if they want more information, they call me. Let me ask you something and this may seem like a silly question, but if you call and get that information what prevents you from just doing your own system based upon what I'm telling you?
- Michael: Me, personally?
- Rufus: Yeah.
- Michael: Nothing. Honestly, I've got so many projects in the fire, I know nothing about foreclosure real estate nor do I want to invest the time in learning about it.
- Rufus: Well, okay, I was just ...
- Michael: That's a good question. Don't worry. You know what? It's probably one of the biggest concerns people have, not with me, but when anyone has an idea, they're worried about someone stealing their idea.
- Rufus: Right, they are.
- Michael: Let me tell you, it seems like it's a concern, but ideas, even ideas that make big money, are a dime a dozen because you know how people are. Doing it ... imagine doing it, I don't know anything about it and most people who don't know anything about it, it's doing it, implementing it, acting on an idea is the most valuable thing. Now, even if I stole your idea, and even if three or four other people stole your idea – like your mortgage broker or your investor – once they learn the system and you feel they may be competing with you, there's still such a big market that it wouldn't even hurt you a bit. It's the guy who knows how to effectively

market – it's those letters that you write, the sequence of your letters that you write – which is going to be the most valuable thing. If there's a bunch of people out there doing it, guess what? It just educates the consumer more and more, so the consumer may be getting more and more pieces to be solicited for their foreclosed property and your letter that may have the best marketing or the best offer is the one that's going to get it. So it's like they're already loosening up your customers.

Rufus: Right, right. Okay, that's cool. I hear you.

Michael: I assure you I'm not going to do anything with it. I'm only talking to you on the basis that I can potentially help you do some audio interviews and some consulting for you.

Rufus: So, they get a letter. They get asked to either to request to download by fax on demand sales letter. Or, they can press '0' to be connected to me right away. So if they press '0' to talk to me, I direct them back to that fax on demand. If they don't have a fax machine, I can courier them the information but it explains the whole process.

Michael: Do you have a website presence?

Rufus: I don't. I don't have any Internet presence at all. And I need to but just haven't. So anyway, they get this information. The information basically tells them all the options they have available whether they work with me or not. And why my option is better, and ... and so they call, and after they go through that, they have to fax me basically a completed questionnaire that tells me all the information that I need to get started. Whether they request to be able talk to me or they do it on their own right away, that's the first step. If they don't just through that hoop, then I'm not interested in talking to them.

Michael: Well don't you have to analyze how much equity they have in the property and all that? Out of those hundred, how many look like viable deals you even want to touch. Are you saying . . .

Rufus: I would say it seems that about 50% of the people that I talk to . . .

Michael: There's money to be made.

Rufus: There's money to be made and 50% of those people actually end up closing. Because I can make so much per deal, I really don't need . . . well, even it were cut down 50, 50, 50, I still ... I could do five deals in a month, I mean, you know ...

Michael: So it looks like you have the ability to produce all the leads you can handle and all the deals. Is your bottleneck in the financial – your lender?

Rufus: Yes and no. Yes, it's a bottleneck in that each person is limited to four deals, but there's so many people that I can stick in the pipeline to do four deals with that it's not really a bottleneck.

Michael: You've just got to get the people to do it.

Rufus: Yeah. And that's not even – you see my challenge really ... I mean I could continue doing what I'm doing and make a good living because I've ramped it up to the point now where I've got an assistant that helps me process all the deals, I've got some people that help me enter the names, and people to help me stuff envelopes. So, as it stands right now, I could do what I need to do, but I would like to ... like you said ... I can't ... I am the system for the most part. I'm 50% of the system or more because the initial conversation with me whether they fax information initially or call me directly, I'm selling them on the concept. And once they're sold, then they feel good about doing all the other steps.

Michael: In a nutshell, if I'm going into foreclosure why should I do business with you?

Rufus: Basically you have four options. You can either catch up the payments, you can either refinance, you can file bankruptcy, or you can sell. If you could have refinanced, the way that I explain it to people is that banks make it real easy for you to borrow money when you don't need it. And if you need it, just the fact that you need it makes you not eligible to receive it. So if you could have refinanced, you probably wouldn't be talking to me, number one. Or if you could have caught up the payments, you would have done it. If you could refinance, you would have done that already. You probably don't want to sell it. And bankruptcy is really not ... you're just stacking \$500 to \$900 a month on top of a payment that you already couldn't handle. So what we'll do is kind of give you a combination of all of those things. Refinancing basically is paying ... getting a new loan to pay off the old loan. You're credit isn't where you'd like it to be to be able to do that on your own, so we'll use our credit to do it for you and we'll charge you a fee to do that.

Michael: I see. So basically what you're doing is the property is in pre-foreclosure or foreclosure?

Rufus: There's various stages of it.

Michael: Can it be done in any of the stages?

Rufus: Any stage, yes.

Michael: So you're going to come to me and say "Look, you can't make up the payments." You want me to sign the house over to your investor. Then your investor and your mortgage broker, with their good credit, will refinance the property and part of that money that they pull out will go as part of your fee for helping them out. Then what's going to happen with the property? Does it stay in your investor's name?

Rufus: It stays in the investor's name.

Michael: Do I get to live in the house, though?

Rufus: You get to live in the house and lease it back for two years. Over the two-year period of time, we're going to clean up your credit – increase your credit score – so that in the two years you can buy the property back and the money that you paid us as a fee is your down payment. You've built a down payment for buying the property.

Michael: Are my payments going to be the same?

Rufus: They may. Well, in all likelihood, they are going to probably go up. But what we're going to do is use some of that equity to set aside in an escrow account to offset that payment shock.

Michael: But if I couldn't make my payments then ...

Rufus: Why are you able to make a higher payment now?

Michael: Yeah.

Rufus: Let's say your payment was \$700 a month. And now it's going to be \$1400. What we really want to do to make that work is we want to take ... and this is why the equity position is so important ... if you've got enough equity in the property, you say, "Rufus, I just want to have a \$700 payment." We say, well, \$700 times 12, that's about \$7000 roughly a year over two years, that's 14 Grand. So, we take that \$14,000, set it in an escrow account that the investor's going to manage and control, and every month you make the first \$700 payment of that \$1400 and we'll make the other \$700 payment and we'll do that for two years.

Michael: So you're going to try to keep my payments the same.

Rufus: Correct.

Michael: Well, let me ask you this. If a foreclose of property has equity in the house, why haven't they considered refinancing it themselves? Are they just not ...

Rufus: That's a very good question. The main reason is that the minute that you are late on your payments and start heading down the foreclosure trail, the most that a lender is going to be willing to borrow you is 65 maybe 70 – maybe 60 to 65% loan to value.

Michael: And how late do I have to be to get in this pre-foreclosure step?

Rufus: This program?

Michael: No, when is the lender going to put me in pre-foreclosure? How far behind am I?

Rufus: I think that it's pretty early. The closer you get to the sheriff sale, the worse it is. The way it works is after you're probably two, three payments behind, you start the foreclosure process which means that they'll set a sheriff sale date. Usually from the time you get a notice that the house is going to be sold at an auction, you have about 45 days before that time. That means that up until that point, you can just catch up the payments and stop the foreclosure.

Michael: So it's too late for me to borrow a good amount of my equity out.

Rufus: Yeah, and even ... you know it's crazy. I've seen people that are at like 50% equity position – I mean they owe \$50,000, the house is worth \$100, and they still can't get a loan because \$60,000 isn't going to be enough necessarily to pay off their loan. You see what I mean. The bottom line is as to why can't I just refinance is that 98% of the people don't even think about refinancing until it's too late.

Michael: And they don't think about taking a home equity loan?

Rufus: Well, refinancing and home equity are the same thing for the most part. Borrowing money to try to solve your problem. They can't qualify for it.

Michael: And now that rates are going up, it may be even more difficult.

Rufus: Oh, it's going to be difficult. Refinancing really is not an option. It's a myth.

Michael: So, all I can do is, being in that position, is to either borrow money from family or friends and try and get caught up. And will that bring my home out of the foreclose status?

Rufus: Yeah, if you can do that.

Michael: If I can get caught up.

Rufus: What happens is, by the time someone makes a decision to act, they're already three, four payments behind and they've only got probably 30 days to try to come up with seven, eight, nine, ten thousand, whatever the number is and family and friends typically don't have it. First of all, they're embarrassed to even ask about it.

Michael: So really the only solution to me is if I'm in that situation is your approaching me because you have ... because I will change the title of the house over to one of your investors because of his credit. Once he takes title to the house he can borrow up to what, 90% on it?

Rufus: Ninety percent of the value.

Michael: And that brings money out of the house to keep me afloat.

Rufus: Correct.

Michael: So that extra money, you're going to share and put in an escrow and help ... you're going to keep my payments the same even though they're going to be more. With that money you've taken out, you're going to help me keep up with the payments.

Rufus: Now that is the ideal scenario.

Michael: What if I just can't make the payments and I'm on my way down, like a lot of these people are.

Rufus: Well, if you can't make the payments, you come and talk to me and if there's not enough equity for us to do that whole payment assistance program, then I'd probably not going to want to do the deal because I don't feel good about it. It's not a win-win then. I'm putting you in a bad position.

Michael: So you'll just leave it and the house will go into foreclosure.

Rufus: Yeah, or I'll just buy it from them. But here's the thing. I would say if I get a call from 100 people, and 50 of them are in deep enough equity position

to do something and of those 50, may be half of them will be ready to go and there will be equity enough for us to be able to do a deal and I make some money on it.

Michael: What are you looking for as enough?

Rufus: Well, about 65% to- 70% loan to value.

Michael: So what does that mean?

Rufus: It means that if the house is worth \$100,000, \$70,000 would pay off your loan.

Michael: So you're going need me to have \$70,000 in equity in the house?

Rufus: No, that means that you need to be able to ... if you take what your house ... well really about 30 ...

Michael: Let's say my house is worth \$100, it would be a good deal for you and your investors to take if I had at least 30 grand in equity.

Rufus: Yeah, 30 to a ... yeah, at least 30 Grand in equity.

Michael: 30 or more. Anything under you probably don't want to mess with.

Rufus: Well, not necessarily not mess with, but ...

Michael: Those are your ideal. That's what you're looking for.

Rufus: That's ideal. But here's the thing. I found people that maybe have \$20,000 in equity or \$25,000 and I couldn't work the normal foreclosure program, but I can still buy their house for 20% below market. So I can take that and maybe flip that to another investor and it's still a good deal, but it's just a different deal.

Michael: I understand.

Rufus: So, it's just a question of how much time I want to spend sorting through these different kinds of deals.

Michael: Is there a stereotype of the people who are calling you—some are professionals, some are laid off? What kind of people do you talk to?

Rufus: They're all over the place. I talked to a guy the other day who had a \$400,000 house, he was a professional, he lives in a kind of ritzy part of town, and for whatever reason ... and I don't really ask a lot of questions

about why because it doesn't matter, but for some reason he had a loss of income, or whatever interruption of income, and he's in a situation. I've talked to people that just clearly shouldn't be even owning a property. And if they're in that kind of situation, I can tell. The guy that I really want to talk to doesn't really want to even work with me. He doesn't want to do this deal because he doesn't like it. He's only doing it to save his family and his house and his pride. Those are the guys I know are going to last throughout the whole process. The guy that's a single guy, got a ton of equity in his house, he's kind of a jet-setter ... that guy I'm not interested in because there's no emotional tie. Anyway, I feel like I'm rambling.

Michael: No, no, that's good. I'm just trying to get a good idea of your prospects. So let me ask you this. Two years I'm making my payments to your investor and after two years I have the opportunity to what?

Rufus: To buy the property back. You have to buy the property back for whatever it's worth at that time, minus the down payment that you've paid.

Michael: And what's a down payment?

Rufus: The fees that we charge. I'm using that as a down payment.

Michael: Minus your \$10,000 or whatever.

Rufus: Right. Correct.

Michael: And then if I choose not to buy it, then ...

Rufus: You can just sell it. The agreement is that in two years, you've got to pay off the mortgage. So you either do that by you buying it back yourself or you sell it. In either case we get the money we need to pay off our loan with the bank and ...

Michael: But why would I have to sell it if it's already in an investor's name?

Rufus: Well, the agreement that we have with you is that we're not going to sell it to anyone except you unless you either default or don't want it.

Michael: So if I default basically the property is your investor's.

Rufus: Yeah, your option to buy it goes away.

Michael: It makes sense. Sounds like a win-win for everybody.

Rufus: As long as you have equity to offset the payments, otherwise it's not a win-win.

Michael: Exactly. It sounds like a great program.

Rufus: Well, what are you thinking about this?

Michael: I think you've got to look down the road. How do you want to spend your days? What do you enjoy doing most? What do you want to do? You've got to picture how you want your business. What would be the perfect way you want your business to be? Do you want to work one day a week, two days a week, fool around the rest of the week. Whatever you decide in your head that would be best for you and your lifestyle, you can set it up that way. Then based on that, we can create a plan.

Rufus: Well, I enjoy talking with people and solving problems and kind of working through all this stuff, and helping people figure out how to do that. Of course, I enjoy the money on the deal, but I do not enjoy going to look at houses, in fact, I hate looking at houses.

Michael: Do you have to go see all of these?

Rufus: Well, I try my best not to have to. I get an appraiser to go out there. If there's any problems usually the appraiser will let us know.

Michael: You get an appraiser to appraise the value of the house. What do you pay for that?

Rufus; Three hundred and fifty..

Michael: So you've got to front that.

Rufus: Well, I set it up so that it's paid at closing. I don't have to front that unless a deal doesn't go.

Michael: So the appraiser goes out and does the evaluation of the house.

Rufus: Yeah. I have a title search done so that I know what liens and judgments are against the property, and I get a payoff from the bank. Once I have all that, I will know whether it's a deal or not and I really don't have to look at it.

Michael: So you've kind of got that automated.

Rufus: Yeah, kind of—a little bit.

Michael: In some cases, you may have to go check it out.

Rufus: If the guys says – I have him rate it on the information he sends me on a scale of 1 to 10 – guy says it's a four, I have to look at it to see what's up.

Michael: So it sounds like you've got that kind of automated. What else do you hate doing?

Rufus: I hate the paperwork – doing the paperwork.

Michael: Well, can your assistants do all that?

Rufus: Yeah, they can. The thing that I feel like that I can't escape from is the initial contact. I'm okay with that. Like you said, I can talk to somebody from Hawaii or whatever and I probably spend may be 20, 30 minutes on the phone with them and sell them on the concept. But then at the end, once we have all the numbers together, I sit and talk with them again another 15, 20 minutes to make sure they understand how the deal's going to be handled. So if the guy knows he has 100 Grand in his house but he's only walking away with \$5,000 ...

Michael: That you can automate. You can automate that call. What you should do is, when you have initial contact this week ... how many in the next seven days, how many people are you going to be explaining this process to?

Rufus: Probably about five, ten ... maybe.

Michael: You need to record the conversation. You don't have a computer, so you'd probably need a tape player or something. There's ways you can record the conversation and you need to get these recordings . . . you can have a 90 minute audiotape with say, three recordings of you talking to three prospects. After the recording, you get their permission ... ask them if you could use it. Tell them that you're ear is just killing you and you want to know if you could record the conversation because I have other calls, and you would really be helping me out by letting me use our conversation as a way for me explain how this process helps other people like yourself. Would it be okay if I used it? And if they said 'yes', that's fine. Then you've got their blessing. That shouldn't be a problem. Then what you can start doing is, all these contacts you could send out, instead of talking to them on the phone, you could say look, I am absolutely swamped. Before I talk to you, you are required to not only fill out the form (you know how you qualify them with that form). When you send that form out you should send them an audiotape or CD so they can listen to what you are going to talk to them about. And let them, on their time, listen to the three recordings, or the two recordings, and then you're qualifying them even more, and then you can have a list of criteria that

21

they have to meet all 10 of these criteria before you're even going to talk to them again. Let them tell you whether they're a qualified prospect for you.

Rufus: Wow, that's great.

Michael: Now that automates you. So you just say – you may lose a couple because you're not talking to them on the phone – but you're able to get those recordings out to everybody and at least give them the opportunity to hear it all on their time, not your time.

Rufus: That's great. Well, that's the kind of stuff I'm looking for. As far as my days and how I spend my days, I would enjoy teaching people how to do this more than doing it.

Michael: Well, you can do that. Let's say you should work on automating your business, getting it automated and that strategy will take out a big headache. Aren't you sending them, either through the fax service – they can download the questionnaire?

Rufus: Yeah, they do.

Michael: And if they don't – I'm sure a lot of these people don't have faxes in their houses – you're mailing them something, through a courier? So you get a tape – it may cost you \$1 for an audiotape. You put that in an envelope for the courier to bring over to them or in the mail. You put it in the mail. What are you paying on a courier?

Rufus: Probably \$30.

Michael: You should mail the damned thing. They'll have it the next day anyway for 55 cents with the tape and your qualifications – or your form or your application. It costs you \$1. I wouldn't waste money on a courier. They're either going to do it or they're not. I'm sure there's not that many people out there trying to get them to do it the same day. Do you know what I'm saying?

Rufus: Yeah, I do.

Michael: All right. So you get the audiotape and instructions that they have to listen to this audio or you can provide it to them on a CD Rom if they have a computer. Or you can get your message up; I can help you get it up on a website. We can get you a domain name – whatever you want to call it – and we can have that recording where they can go directly to the website

22

and listen to it. Most of these people I'm sure don't have fax machines so in the recorded message you can say if you have a computer you can go online and listen to what it's all about; an interview or a session that I did with someone in your same situation. This will save us both time. After you've listened to that, there will be an e-mail address you can e-mail me; my phone number will be up on the website. Only after you've listened to that and qualified my 10 qualifying questions, you can call me and then maybe we'll be able to work something out and I can help you out.

Rufus: That's perfect.

Michael: So you have the website, you can do it on audiotape a CD Rom, you've got to give them all ways to get your message to them, to give them a chance to listen to your message. I think between those three and you could do one more thing. After you do the recordings, you could take them and get them transcribed and offer it in a little booklet or something so they can either read it, listen to it, hear it, or whatever. There's another way you can do it, too. There's a voicemail service that you can take the 90 minutes of recordings and there's a voicemail service that will allow you to play up to an hour and a half outgoing message. They can call the 800 number – you'll pay for the call per minute – like 7 cents a minute, but they can sit on the phone and listen to the recording right there, the whole thing.

Rufus: Wow.

Michael: So there's ways. Those are the tools that allow you to duplicate yourself. Once you get that automated, then you'd have your secretary, or your hired help to just do the mailing. You shouldn't be doing any of that stuff. Have them doing it. You just keep doing what you're doing – mailing out the 70 letters – sequential mailings every week. But then, instead of you talking on the phone, use these automated systems that we just talked about. And that's going to take a lot of pressure off of you and then you can use that time in developing and teaching, and developing the course which we talked about and then start selling the course, or start licensing your strategies to mortgage brokers or your investors or whatever. If you enjoy teaching, that would be great.

Rufus: Oh I would love to do that. So how do we start and what does this cost me and all that stuff.

Michael: Well, there's a lot. Is it something that you want to do all these things that we've talked about?

Rufus: (laughs)

Michael: I won't be able to give an answer right now. I'm going to have to just let it gel and think about it. You can get an idea – I'm expensive, I'll tell you that. You can go to my site and go to the consulting services and get an idea of what I charge – just so you know. I can come back to you with maybe a package deal and maybe we can work something out.

Rufus: That's cool.

Michael: You can either learn to do it yourself, or I could help you streamline it. I'm a guy who likes ... I'd get back with you quick on the phone. I like to knock these things out. I think we can do it. Certainly it will free your time up and dramatically increase your deals.

Rufus: I think that it would because I think the things that I've been doing so far, I think I've been taking baby steps to automate things, but I haven't been really leveraging my time like I should.

Michael: Well, you're kind of handicapped. The Internet is a wonderful tool. If you don't have the Internet, how did you find out about me?

Rufus: I have access to it. I'm just not marketing on the Internet at all.

Michael: Do you have a computer at home everyday?

Rufus: Yeah, I have an office ...

Michael: Great. That is going to be a tremendous tool, with audio on the Internet that plays very quickly, leading people to a website, and all the things that I've talked to, it will allow you to duplicate yourself. Let me let it gel. I've got your phone number. Let me think about it and let me ask you this. If we decide to do something, and it was an equitable price, and you could handle the investment, are you ready to get on it right away?

Rufus: Yeah, I am.

Michael: And you're going to have some homework to do as far as – if we're going to do recordings and stuff. Since you know the business, you're going to have to do some outlines and there will be some work involved, but I'm sure once it's done, it's done.

Rufus: That's cool. I'm cool with that.

- Michael: Are your interested in creating a course for ...
- Rufus: I am. I mean I'm interested in the exact sequence you're talking about. Well, a couple things. Taking me out of the every day equation. Keep me in, but take me out, like we talked about. And then I think the things that I'm doing now, I think I have the right idea but I think I may be using ways or methods that are more expensive than I have to, to me because the time element seems to be a huge factor. The reason I looked at couriers is because hey, you're ready to go now; let's do it. And they're scared because their sheriff sale ... the perceived, I see a courier ...
- Michael: And that's okay. That shows you're interested. And yeah, 30 bucks in the grand scheme of things, your return on investment is certainly enough to afford a courier.
- Rufus: Yeah. And I think that it may be can separate me a little bit from my competition.
- Michael: Absolutely. I think it is a good idea. It is a good idea. And your right – it shows you're serious and there's a lot of things you can do in your marketing and your presentation to these prospects that can make them feel more comfortable and relieved and trust you – there's all kinds of things you can do.
- Rufus: I just think that the things I'm doing now I think are okay, but I'd like to tweak them, and I've never really hired someone to help me to do this stuff, just because I've never really had the money, I just basically kind of winged it, read a book, tried it, got my sales letter, tried to eye-ball it and you know. But I think I would like to pay someone to help me get it up and just take it that much further, that much faster.
- Michael: All right, what I'll do, I'll itemize out all the things I think that you want to do and I'll do a listing. Then I'll kind of give it a dollar value; what it's going to cost you and then we'll do a total package. Then you can either take them one at a time or two at a time and do them individually and build on it. You certainly don't need to do all of them right away. I'll just present that to you and we'll just go from there.
- Rufus: That's cool.
- Michael: All right. I've got everything I need. I'll have something to you by Thursday or Friday, all right?
- Rufus: Okay, sounds good.

Michael: You'll hear from me.

Rufus: Thanks a lot.

Michael: All right, Rufus. Bye.

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