

Introduction

I have made myself a millionaire by buying and selling real estate. I was a millionaire before most of my friends got out of college, yet I never finished high school.

I don't have rich parents—far from it, as you'll soon read. But here I am, a self-made millionaire. I am about to share with you how you can do it, too.

Please, when reading, remember that everything I have written is true. I have done it, I'm still doing it, and it wasn't any one deal that made me rich. It was lots and lots of little deals, one at a time, doing the same thing over and over, again and again.

When I started, I was completely broke and without any credit. So, pay attention, because if you follow my method faithfully, I know you will get results.

Why I Am Publishing This Book

I created my YouTube channel, [FlipAnythingUSA](#), and wrote this book so you can learn from me and get started immediately.

I have been one of the luckiest guys I know to stumble onto the power of real estate at a very young age. Let

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me explain why discovering this power was so incredibly important to me—and why I want to give this knowledge to you.

When I was a child, my father and mother separated and my dad worked in aircraft at Boeing, Lockheed and other aircraft companies. He was often laid off. As a result, we would go on welfare programs for a while and I changed schools mid-year many times. It was *never* fun. I was regularly ridiculed by other kids for having lame-looking clothing and for getting free lunches. At home, we ate welfare goods: free powdered milk, giant blocks of imitation cheese, Karo syrup and lots of macaroni and cheese—which I have never liked.

As I'm sure you can understand, I was motivated to make money because I knew firsthand what it was like to be poor. My friends went to Scouts and cool summer camps. Their families went on nice vacations. My brothers and sisters and I, we all stayed home.

So, I sold candy at school for a profit as a young kid. As a teenager, I sold bikes and motorcycles and cars. When I found real estate at 19, my eyes opened and the world looked very bright. I woke up and smelled the real estate.

I dropped out of high school at 17. After taking my GED (I passed, I learned a few months later), I immediately went to work in a cabinet shop milling wood. I would run sheets of plywood and hardwood

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through saws all day, and later learned to draw cabinets and assemble them with glue and nail guns.

Unfortunately, 18 months later, my boss and his business went under due to the economy, some marital issues and other problems. He laid me off and I began working as a self-employed cabinet maker from the garage of my duplex. My new business was called Tom's Custom Cabinets.

I quickly outgrew the one car garage and rented a small space in a large metal building. Less than a year later, I had to move again as the landlord was expanding the neighbor's space.

I rented another small building but could not afford it. I had to move into the building and live in an office. When that landlord found out I was living in the building, he said "Tom, you can't live here! If this building burns down, you'll die and I'll get sued!" So, back to the real estate ads I went—again. There, I found Mr. Dennis, a young realtor about 30 years old. He drove me around to see rentals and then said he had another property for sale they might also rent. He drove me to my old employer's building where I had originally learned my skills. Only a year and a half had passed.

He explained they had foreclosed on my old employer, and they wanted to get rid of the property badly. He suggested I buy it. I explained I was broke, with no credit. He said they were very flexible. This is where I learned about owner financing.

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So, we made an offer in which I would have six months to buy the property. I would need \$10,000 down and the owner would then carry the note. This way, I could occupy the building, rent free, in order to save the \$10,000 required to buy.

They accepted the offer and I moved in. It was a very difficult time, but I did scrape together the \$10,000. This was only possible because I lived in the building and no longer had to rent either a home or a place of business.

Chapter 27: Leapfrogging

Leapfrogging is a term I use for *getting ahead of what's to come*. Let me explain it with an example.

FLASHBACK

An agent put a property up for auction with a true value of \$225,000 and a starting bid of \$100,000. Because I understand the market so well after 35 years of working in the field of real estate, I knew the bidding would slowly go up to \$110,000, \$120,000, and so on, until it finally reached that true value by the end of the day. I could sit there all day and end up paying the full value for the property, or I could leapfrog ahead of everybody else.

Here's how I did it: I arrived at the auction first thing in the morning, at its very start, and immediately offered \$160,000 for the property. I knew this was higher than the opening bids they might have already received, but still considerably lower than the true value.

When I made my offer, I also said, "I'll give you \$160,000 cash for it right now if you take down the signs immediately and call the owners with the offer. The offer will only stand until 1:00 this afternoon."

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Then, we'll close it in three days." I showed the agent that I had more than enough money in the bank to make the payment.

At first, the agent hesitated. "Well, I've already told a lot of people about the auction."

"I don't care," I responded. "I want this property, but I'm not going to buy it after 1:00. I'm making the offer right now if you take down the signs, but if you don't want to take it, I'll leave."

He asked me to put my offer in writing in an email to him then and there, which I did, and he forwarded it to the owner. I left, and he called me back before 1:00 to say we had a deal. That smart owner said, "A bird in the hand is worth two in the bush."

This is what I call "leapfrogging." You jump ahead of everybody else because you understand where the sales are going to go. And you use that knowledge to make an offer that will get you the deal before the price escalates.

Once I cut a check for that property, I made sure the contract was signed right then and there. Bear in mind that it's very important to get it signed immediately!

Here's another example of leapfrogging when you're the one selling the property. Let's say the market in a particular area is dropping drastically, and you could

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easily get caught in it, losing a lot of money on the property you're selling.

The properties started out selling for \$280,000, but they've gradually gone down until they're now going for \$230,000 to \$240,000. Maybe the big company in the area laid everybody off, and they're all being forced to move out fast. If you sit and wait, knowing that the market is going to continue to drop, you could end up having to sell your property for as little as \$100,000.

If you leapfrog instead, you could go ahead and offer your property for sale at, say, \$50,000 less than everybody else at the time. In this case, it would be about \$190,000. If you do that, you'll likely sell your property right away and make more than those who will wait, hoping in vain that the property values won't continue to drop. By leapfrogging, you can get yourself out of the situation with as little harm to your bank account as possible.

Leapfrogging is how you beat everybody to the punch. In order to do it intelligently, though, you have to know value, as I always tell you.

Related FlipAnythingUSA YouTube Video:

[Leapfrogging Real Estate Deals & Sales](#)

Chapter 28: Bird Dogging

By this point in the book, you know the drill. I like sharing with readers and viewers of my YouTube channel, [FlipAnythingUSA](#), actual stuff as it happens. Good real estate investing is never like it is depicted on TV, where an investor buys a house for \$300k, spends \$100k fixing it up, and sells it for \$430k. A \$30k profit? When you factor in the time lost during that remodel, they've actually lost \$20k.

Everything I buy is *a deal*. I won't buy it unless it's a deal. So, one of the main things I do as an investor is tracking down deals.

That's where bird dogging and being prepared to make an offer immediately comes in.

Bird dogging simply means to search out or pursue a real estate deal, whether it's a lot, a house, a duplex, a multi-unit building or a commercial property with dogged determination. Know the values in your neighborhood so you can see a deal when one appears. Pay attention as you're driving or biking around. Look for new signs, hand-written signs. Notice the opportunities others aren't seeing.

Sometimes, you may be under the gun to buy something in the very near future for tax purposes. What I mean by that is once you sell a property and

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earn a profit, you'll be stuck paying an approximately 25% tax on those gains unless you defer that tax payment by rolling the profit into a new investment. In other words, by purchasing a different property.

Here's how I found a recent deal under this circumstance. I could not find a commercial property deal, which is what I'd prefer to buy, so I drove up and down every single residential street in my area and found a For Sale sign that had just gone up four days ago. The property was already on fire, people were trying to buy it.

But the thing I offer sellers—as an established real estate investor—is my reputation as the owner of multiple properties in the area, proof of funds in my bank account to pay cash, and the ability to close quickly without an inspection. Because I bring all of this to the table, my birddogging pays off even when a property is hot.

Whether you have cash or not, you want to eliminate the seller's fears about if you will actually close the deal. Limit contingencies to ensure your offer is the one they choose.

FLASHBACK

I was driving around on a Saturday morning with my boys recently and saw a sign. I said, "Whoa, I don't know that sign." I immediately turned around and

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found a very interesting 1.75-acre property with two metal buildings and a house converted into small offices on it. It was a flag lot. If you don't know what a flag lot is, imagine the silhouette of a flag. You access the lot through the pole—a thin strip of land connecting to a street gets you to the main body of a lot.

Anyway, I drove through the property and called the number on the sign. I got a broker on the phone and said, "Hey, what's the deal on this?" He said, "It just went up, but I've already got an offer in my lap." He told me the number, and I said, "Well, you're going to have another offer in five minutes. Where are you?" The broker I was speaking to was the listing agent, and he had an offer in front of him from another agency. I knew that if *I* bought it, he stood to make about double the commission.

The key is I knew almost instantly that I wanted to buy the lot, based on my knowledge of the area and the price the listing agent had given me. I went into his office that morning, wrote up my offer, and said, "I want to make sure you know I have the money." I opened up the app for my bank account right there in his office to show him the balance.

I said, "I know *you* know I'm good for this. But the reason I'm showing you this number is because when you go talk to the seller, if they ask, 'Are you 100% sure that this guy has the money?' You're going to say 'I am 100% sure.'"

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That's a strategy on my part.

When there are two offers, it helps if the seller knows you didn't hesitate, but rather *insisted* they see you are financially qualified to buy. I know not everybody can do that, but you can still put on a good show if you need to.

In that office on a Saturday, I showed I was the buyer who had the highest probability of closing. I even showed him that I had a 1031 account, which means I had recently sold a property and needed to identify the 1-3 properties I would be buying next within 45 days to keep my profits tax-deferred.

I made an offer to pay about \$700k for the flag pole property, because what I sensed is this: while the property brought in about \$50k a year net in rental income, it could ultimately bring in a lot more to an investor like myself. To a business with a lot of trucks, or maybe a mover, or a tractor service repair outfit, the property was worth \$1.1 million.

PERSISTANCE

Sometimes you find a deal quickly. Sometimes you find one before you're ready. But the key is to get out there and *find it*. Be persistent, talk to people—even if they don't want to sell, touch base every month or so and say, "Hey! Feeling any differently today? Want to

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sell now?” You’d be surprised at how often that kind of persistence will pay off.

FLASHBACK

I was trying to buy forty acres from a Japanese man many years ago in California. We didn’t even speak the same language, but we communicated in a basic way. I’d call him every month or so to check in and he never wanted to sell, but he did tell me he had my letter with my phone number on it.

One day out of the blue, I got a call from his wife. The gentleman had died and she wanted to sell the land. She gave me a fair price, I bought it, and ended up flipping it right away for a profit of about \$32k, which is just about exactly what a Realtor would’ve made on it as a commission had she decided to list it. The difference between me and that theoretical Realtor? She had my number.

NEVER STOP BIRD DOGGING

Comb your area. You need to get in between what somebody *has* and what somebody *wants*. Money is in between those two...and don’t forget it!

One more thing. People will always talk about the “cap rate” of a property. This is short for “capitalization rate.” It’s a number that helps in evaluating a property

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investment, because it is equal to the net operating income divided by the current market value, or the sales price, of the property. It shows the potential rate of return on a real estate investment.

Listing agents will say, “It’s got a great cap rate. It’s 7% or even 10%.” When they do this, ask: “What is the vacancy factor you’re figuring in with that cap rate?” Vacancy rate is a very real cost of holding property. At 100% occupancy, the cap rate should be at least 20%. For me, it’s got to be at least 30%.

Related FlipAnythingUSA YouTube Videos:

[Bird Dogging Real Estate](#)

[Bird dogging deals: \\$32,000 profit – persistence in real estate hunting, wholesaling, flipping](#)

[Bird dogging and buying same day strategies. I’m buying right now!](#)