

The premise of this program is to teach you strategies about how to purchase small or large parcels of vacant land at wholesale prices.

There are more opportunities than you can ever imagine, no matter where you live, for you to purchase land significantly below Fair Market Value (FMV).

Typically, a retail buyer researching an area that he or she plans to move to limits themselves to three outlets for finding vacant land:

- Local print-media real estate classifieds
- Internet real estate classifieds
- A local realtor

I have developed a system that identifies over eighteen different ways to find parcels for sale and at wholesale prices. Read on....

Landowners are waiting for your call

What most people don't realize is that there are a plethora of landowners ready to sell their property at wholesale prices. They are just waiting for someone to contact them. I will say that again – they are waiting for someone to contact THEM. These sellers own property that is typically unadvertised, so you have to search them out to find them. Most neighbors of these landowners do not even know that their property is for sale.

I have devised an effective system for how to find a quality area to search for vacant-land possibilities. One of the key strengths of my system is teaching you how to build a relationship with a landowner to increase your likelihood of securing the parcel and, on top of that, at below FMV pricing.

How most real estate investors search for leads

The process that the majority of real estate investors go through is to locate properties to purchase wholesale, as this is the name of the game. They acquire the name and address of the landowner either through a neighbor, a realtor, by seeing a for sale sign, or through the county's Property Appraiser Web site. They then mail to the landowner a postcard or letter, in hopes that the seller will respond and sell their property. In some cases, they hire a realtor to represent them. Most of the time, both scenarios go unanswered. It is a number's game. In theory, the more cards and letters someone mails out, the higher the probability of securing parcels at wholesale pricing. But in many cases, this strategy falls flat. The investor walks away


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property thinking that there are no other ways to reach the landowner, and offer them a deal.

Direct mail oftentimes is ineffective

Typically, a real estate investor's strategy is to purchase a mailing list for a particular undeveloped subdivision or area of available large parcels. They then send out a direct mail piece to hundreds or even thousands of landowners (which there are many around the country). This strategy appears to make sense, so many do it. But put yourself in the landowner's shoes. If you were the recipient of such a solicitation, how might you respond? You have already received dozens of direct mail pieces promoting insurance, health care, cosmetics, bank credit cards and now one for your parcel of land. Statistically, these direct mail pieces will receive no more than a .05% to 1% response rate. Think about it. Why does 99% of the populace not respond to direct mail pieces? Generally, it's because they want to purchase an item from a PERSON, not through impersonal mailing. Ninety-nine percent of people are suspicious of impersonal, general-solicitation direct mail. We personally purchase insurance face-to-face from a sales person, or handle our financial matters through an estate planner.

We typically meet these people before we 'buy into' their product, because we first have a need for a trusting relationship with that person. For many consumers, most product lines are very similar – it is the relationship with a company representative that brings the product to life or sets it apart from the competition.



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CHAPTER 2

VARIABLES TO CONSIDER WHEN PURCHASING VACANT LAND

If you want to make money in real estate, find out where the people are going and get there first.
Will Rogers

How many times have you driven by a parcel of vacant land and ask yourself if the owner would ever consider selling it? The answers are potentially at your fingertips.

There is something exciting about buying land. Maybe a few acres of countryside appeal to your pioneering spirit. Maybe it's a desire to build a house exactly the way you want, which means starting with an unimproved, vacant lot in a new subdivision. Whatever the motivation, buying land is different from buying a house. Things that never enter the discussion in a home purchase – access, utilities, easements, and land-use restrictions – become extremely important in a land purchase. It can be a complex thought process. When you buy an existing house; someone has already gone through the issues of what's allowable on the land.


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What is the secret to land speculation?

Investing in vacant land, or already improved land, for the land value alone, often has been a great source of profit, and many huge estates have been forged through land speculation. Just ask Bob Hope. Through savvy land investments in California, he became one of the wealthiest entertainers on the West Coast. The key was translating his vision into reality.

The solution to profiting through buying land is not as simple as it might sound. You profit by keeping your eyes and ears open to potential opportunities, and you should always test the political waters before diving in.

The key to profiting through land speculation is to buy or tie up land that is destined to increase in value. But which land is going to go up in value first? Land increases in value because of what is happening around it. Almost everything positive that happens in real estate does so with a long lead-time. You need to know what areas to search to find that lead time, which can



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be slowed down or accelerated due to local, state, and/or federal politics, all of which can throw roadblocks in the way of your potential profits.

Keep your eyes open and be observant of all the events that are taking place that may affect the long-term values of land. You can see and hear what you need to know by attending local commission and planning and zoning hearings. The agendas for these meetings are often posted on the city or county's Web site, or they can be obtained through the mayor's office. Read them. If nothing is planned that looks important, you might just skip that night and read the highlights in the next day's newspaper. But make sure to clearly understand the agenda to begin with – otherwise, an important project might be either passed or turned down, leaving you uninformed because you didn't recognize that it was scheduled for that night.

The local newspaper is a good source for news as projects get close to becoming a reality, but by then it might be too late to capitalize on nearby vacant land projects. Still, it is often better to be late than never in tracking possible trends. The vast majority of landowners doesn't believe or know that the new superhighway is coming until they see the construction team breaking ground. Learn to identify the events that can lead to higher future land values.

Timing is key in land investing

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Key factors that govern the appreciation of raw land

- Nearby growth population patterns
- Demand for vacant land
- Decline in supply of land available for development
- Improved infrastructure by governing bodies, making growth easier
- Increased spending by large builders and developers
- Political and environmental pressures limiting and shaping growth patterns
- Increasing savvy of property owners and investors

Once you have mastered the access to public records you will be able to discover mountains of information about any and all properties you may want to acquire.

Generally, these factors work in unison, some providing positive directions to the appreciation of land and others functioning to direct or redirect the pattern of growth to other areas. But when any of the elements are present, property that is in the path of outward growth from any city will experience an increase in value.

How can I maximize income from my vacant land?

Look to the city's book of uses, the zoning code. This, and some creative thinking on your part, will give you some ideas on how to generate income from vacant land.

One of the first steps for creating income from vacant land is to find out what the current zoning allows, and if that status is not productive enough, find the zoning you can likely get that will offer income potential.

Examples of uses for vacant land that will produce income:

- Parking lot for local community members
- Parking for rental car companies and nearby businesses
- Storage lot for RV's, trucks, boats etc.
- "U-pick-it" strawberry patch or other crops
- Fruit stand
- Temporary grazing land for local farmers
- Used-car sales lot
- Equipment sales lot
- Nursery sales lot
- Cemetery
- Flea market
- Paintball recreation area
- Area leased to hunters

The list can go on, but you get the idea. As you drive around your area, imagine what businesses might function with little or no property improvements other than showing the product


they sell or displaying the services they render.

A longer-term program for a large tract of land would be the planting of growth timber or other landscape material. Do not let land sit without putting in some effort to increase the value by improving it. Often, this effort alone attracts investors who suddenly are interested in a site they had not noticed before.

When any of the following events are in the "talking stage" at the local planning office or are being presented before the city council or county commissioners, it is time to start looking for land that will benefit from this proposed event. You can even start to talk to prospective sellers about their properties.

The idea is to position yourself to make a move on property in the areas likely to go up in value as soon as you can pinpoint where the positive impact will take place.

Events that are the prelude to increased land value:



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