

**GROWING WEALTH™**  
N E T W O R K

*Special* **Report**

## **Bailout Bonanza:**

**How to cash in on the greatest  
property liquidation in history**

**A Special Report for Investors**

**October 2008**

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## **A REAL ESTATE INVESTMENT BONANZA IS COMING**

In the late 1980s, the savings and loan (S&L) bailout made real estate investors rich. Trained investors picked up prime properties at bargain basement prices. Now, history is set to repeat itself — but on an even bigger scale! Uncle Sam is about to unload the biggest hoard of houses ever amassed. Properties will likely be sold for pennies. This bailout will turn investors into millionaires, just as it did before. This report will outline the opportunity. But will you be trained and ready?

## **A QUICK HISTORY LESSON**

In order to understand what is unfolding today, let's take a look back at what happened under similar circumstances about two decades ago. In an effort to take advantage of the real estate boom and high interest rates of the late 1970s and early 1980s, many S&Ls lent far more money than they should have. This resulted in what is commonly referred to as the **S&L crisis**.

The S&L crisis of the 1980s and 1990s was the failure of 747 S&Ls in the United States. The ultimate cost of the crisis is estimated to have totaled around \$160 billion, about \$125 billion of which was directly paid for by the U.S. government — that is, the U.S. taxpayer. Sound familiar?

From 1986 to 1995, the number of federally insured S&Ls in the United States declined from 3,234 to 1,645. This was primarily, but not exclusively, due to unsound real estate lending. Again, sound familiar?

Many people believed that the government bailout during the S&L crisis was encouraging today's lenders to make similar higher risk loans in the last few years. They were right! And now investors stand to gain big, just as they did last time.

So as you can see, the timing is setting up perfectly. Your payday can be just around the corner. As the government takes over all these loans, get ready for an incredible buying opportunity.

## **HOW IT WILL HAPPEN**

The House and Senate have yet to work out the details, but when they do, we will likely see the government find a solution through the use of a *reverse auction*.

Here's how it could work: The government will say, "We have \$150 billion to put in play this quarter and we are going to buy \$150 billion dollars worth of bad debt." The banks are going to have to line up and say something like, "We have \$500 million we want to unload." The government will reply that, "Whoever will sell their bad debts for the lowest amount is the stuff we'll buy."

Out of desperation, the banks will scurry to sell their real estate off at the lowest amount possible, thereby giving the government (i.e. the taxpayer) the best deal possible. The government will turn around and have the houses resold. They will likely re-sell them by hiring professionals to liquidate all the inventory. That way, the real estate can be sold over time and not all at once. If it happens like this, this will create an opportunity to

buy government-owned REOs at steep discounts. You can cash in over and over again since the inventory can't be liquidated all at once.

From a taxpayer perspective this sounds like a reasonable strategy. The banks get cash fast. The government buys at reverse auction prices (the lowest prices) and then the government may actually make a small profit by having the properties sold to the open market (that's us). You can profit in a myriad of ways. You can:

- 🔒 Use creative financing to purchase and rehab run down houses
- 🔒 Purchase pretty houses and rent or sell them to retail buyers
- 🔒 Use nothing down strategies to purchase all kinds of houses and rent them for positive cash flow
- 🔒 Purchase defaulted mortgages and sell them back to homeowners for .70 cents (or more) on the dollar
- 🔒 Sell houses to people who don't qualify for traditional financing, creating massive income streams of seller financing for yourself.

## **DEMAND FOR RENTAL PROPERTIES WILL SOAR**

Once you understand which strategies to use, and how to use them, you can buy and sell your way to millions. However, with the record number of foreclosures, the demand for rental properties is also about to soar. It would behoove you to at least hold a few of the properties you acquire and rent them to reap incredible long-term profits on future appreciation.

### **Foreclosure Facts**

- 🔒 **A record number of U.S. households faced foreclosures in the end of the second quarter of 2008. In fact, the numbers more than doubled compared to the second quarter of 2007.**
- 🔒 **One in every 171 U.S. households received some kind of foreclosure-related notice during the second quarter of 2008.**
- 🔒 **After a housing slump that has pushed values down 30 percent in some areas, roughly 12 million households, or 16 percent, owe more than their homes are worth.**
- 🔒 **Earlier this year, the financial services giant Credit Suisse estimated that there will be 6.5 million U.S. foreclosures during the next five years.**

It is certainly a good time for investors to buy distressed properties and rent them. Homeowners who have either lost their homes to foreclosures or are facing foreclosure will need affordable rentals. Also, many uninformed buyers are just sitting around, waiting to see what happens. Most of them are renting instead of

buying a home. Big mistake on their part — big opportunity on yours. As a result, nationwide demand for rentals will be increasing, especially in hard hit foreclosure areas such as Florida, California, Arizona, and Nevada.

And even though foreclosures are at an all-time high, it will get worse. As more adjustable rate mortgages (ARMs) begin to fall behind, foreclosures will number in the millions. What's becoming excruciatingly clear is that our country's housing market is facing a crisis unlike any we've ever seen before.

What's also clear is that low inflation, adjusting interest rates, and the highest foreclosure rate in history have converged to make this "the perfect storm" for those investing in real estate. The fact is, there has never been a better time to become an expert in — and profit from — real estate investing.

### **Your Services Will Be in Demand**

The Robert Allen Institute teaches strategies for turning renters into owners. And nothing greases the housing market quicker than turning renters into owners. Once you graduate from the Robert Allen Institute, your services will be in high demand! Only a fraction of potential deals are getting done — even though that fraction can produce truckloads of profit. What's more, there is a huge need for real estate professionals equipped with the skills, knowledge, and tools you'll possess after your training:

- 🔑 Your services will be appreciated by homeowners who have very few options when it comes to their house.
- 🔑 Your services will be appreciated by the government who needs to have houses liquidated to get our economy back on track.
- 🔑 And your services will be appreciated by those who need housing when you rent to them or sell to them on terms.

### **LESS COMPETITION FOR YOU**

In theory, repairing the credit markets could lower mortgage rates and make loans more available for home buyers. That boost in demand could help pull the housing market out of its deepest recession since the 1930s.

But it won't help reduce the backlog of unsold homes — especially foreclosed, bank-owned homes that are being dumped on the market at fire-sale prices. Every time a bank sells a house cheaply to get it off their books, that price becomes the neighborhood's new market rate.

It's also harder for a lender to extend a loan for willing buyers in neighborhoods where home prices are still falling. That means buyers have to put up more money, reducing the number of eligible buyers. That's where investors who are trained in Robert Allen's *Nothing Down* techniques will have an absolute corner on the market.

## **IT'S NOT JUST UGLY HOUSES: FORECLOSURES SURGING ON MILLION-DOLLAR HOMES**

One symptom of these times: a surge in the number of million-dollar foreclosures. According to Realty-Trac, the number of homes valued at more than \$1 million that are in some stage of foreclosure has swelled to 7,968 between January and August. That compares with 4,214 during the same period last year. Imagine that!

**The number of \$2 million-plus homes in the process of foreclosure has grown even faster, surging to 499 in the year-to-date compared with 201 for the same period last year.**

Here's the best part: Acquiring a million dollar plus home is no more difficult or risky than purchasing a \$100,00 home if you buy it right. At the Robert Allen Institute, we show investors how to purchase every property with little or no risk.

## **ANOTHER STRATEGY TO CONSIDER**

### ***Set up self-directed IRAs to make real estate profits***

Where some see devastation and loss, others see opportunity. At least that is the situation for investors using little-known, self-directed IRAs to invest in bargain real estate. And for some savvy investors, it has been a windfall. Over the past year, there has been a surge in investors using self-directed IRAs to scour the battered housing market for bargains.

Different from traditional IRAs, which limit investors to stocks, bonds, and mutual funds — self-directed IRAs allow you to park your cash in all kinds of investments — including real estate.

The only drawback is that you can't personally benefit from the investment until you make withdrawals at retirement time. However, using a self-directed IRA to invest in real estate can be potentially more lucrative than traditional real estate investing. Self-directed IRAs allow you to buy real-estate-related assets, sell them and then reinvest the money in new properties — without triggering a tax event until retirement.

At the same time, you have the luxury of being able to hold on to a property until the market rebounds, giving you the full appreciation of the property without paying taxes along the way.

## **BEING DISTRESSED OR BUYING DISTRESSED**

It's in times of chaos where ultimate opportunities are presented to you. If you want to buy something, you'll be able to get it cheaper in times of economic chaos than you would in times of economic plenty.

When down markets end, almost everyone regrets not buying during the down times. Too many people hesitate, and never take action. But by that time, prices have climbed back up. Then everybody wants back in. Buying when others are selling is called contrarianism, and that's what you need to embrace. NOW is the time for you to get trained to profit from this situation — where you can make bargain purchases.

During hard times in real estate, the number of profitable lead sources go up, namely:

- 🔒 Pre-foreclosures
- 🔒 Foreclosure auctions
- 🔒 FHA and VA repos
- 🔒 Conventional repos
- 🔒 Bankruptcy properties
- 🔒 IRS auction properties

Now is the time to take advantage of these increased opportunities. In addition, almost all the other types of bargain-purchase opportunities are enhanced by hard times, like probates. That's because estates have greater difficulty selling assets in probate than normal.

### **SUMMARY**

There hasn't been this much opportunity for cheap real estate since the S&L crisis of the late 1980s and early 1990s. So get ready. And get trained. The \$700 billion bailout of the financial markets will create the single greatest real estate investment bonanza in history. Claim your share!