Introduction

In 1999, I decided that I wanted to acquire a "large" portfolio of investment property. Specifically, I wanted to buy single-family houses that produced monthly cash flow. I didn't simply want to "dabble" in real estate like so many people do by only buying 1, 2,or 3 properties. Long-term, I want to buy 10, 20, 30 properties and more.

I knew building this property portfolio was not going to be an overnight venture. It was going to take time and lots of work over the course of several years.

The Dilemma

One of the major obstacles I saw in acquiring the portfolio size I wanted was my limited borrowing power. I knew it would not be difficult to qualify for a few loans through a mortgage broker on my own but I also realized that it would not take long for my credit to get tapped out.

When I began acquiring properties, I was a self-employed, independent contractor in the I.T. industry, not a W-2 wage earner. As you might expect, lenders much prefer a high-paid W-2 wage earner to a self-employed individual. I knew this going in.

I have always taken a proactive approach in any business I am in. I was not comfortable with the idea of being tapped out of financial resources first then trying to find a solution around it.

One rule I follow in business and investing is, "Get money when you don't need it." Conversely, the worst time to look for financing is when you are tapped out and desperately need it. It is a basic law of credit. When you have little or no debt, everyone wants to loan you money and give credit. When you finally do take on lots of debt, lenders pull back on credit and get nervous about lending money.

A Working Solution

Like many beginning investors, I exclusively used my own cash and credit to buy my first few properties to get myself going. But I knew I would have to as quickly as possible find alternative ways to finance properties I wanted to buy.

I read and studied various methods of alternative financing and I realized if I wanted to bypass conventional lenders, I would have to utilize *seller-financing*. One seller-financing technique I learned, adapted, and used, is the *"subject to" mortgage* where we "take over" mortgages on an existing property. I refer to this form of seller-financing as an equivalent to "assuming a non-assumable loan."

I must admit that while I initially understood the concept, I was a bit slow and clumsy in execution. The reason why I was slow and clumsy is so much of the success of using this technique is based on the ability to negotiate, educate, and create trust with the sellers.

The Start

I had a slow start in 1999 as I was simultaneously trying to buy property but having to travel frequently in my I.T. training business. By early 2000, I managed to acquire a few investment properties in the Atlanta area when I decided that I both wanted and needed to relocate to a smaller city. The city I eventually relocated to was Columbus, Georgia, two hours southwest of Atlanta next to the Alabama border.

The Alliance

In early 2001, I settled in and got established enough in my new home city of Columbus to begin resuming property acquisitions. By the end of 2001, I would go on to acquire five more investment properties with "subject to" mortgage financing. It was during this time I met my current business partner, Wes Weaver (also the Lead Contributor of this book).

Wes watched with great interest how I, one by one, negotiated and executed "subject to" mortgages to acquire investment property and then created cash flow by lease-optioning them out.

Starting out as my apprentice, Wes eventually joined forces with me to create a management alliance we enjoy today. Together, we have gone on to become the *"#1 Provider of Owner-Financed Homes in Columbus, Georgia & Phenix City, Alabama"* where we specialize in lease-optioning property out to our tenant-buyers.

How we lease-option out properties we acquire is covered in the previous book, *"TurnKey Investing with Lease-Options"*.

The How-to Manual

This book discusses how Wes and I jointly acquire investment properties with "subject to" mortgages. Wes and I take a unique tag-team and synergistic approach in our “subject to” mortgage transactions. Together, we carry more credibility and close more transactions than if we did them separately.

At the risk of being boastful, the book you have in your hands contains an incredible amount of little-known information never before seen in book format. And while there are other sources of “subject to” mortgage information which you can learn from, very few contain the in-depth research and the customized techniques described herein. I am confident that you will find distinctions not found elsewhere.

The Reasons for Writing this Book

This book was written for several reasons:

First, because we value our business reputation, we always look to maintain a high degree of credibility and legitimacy in what we do. “Subject to” mortgage transactions are often unknown or misunderstood. This manual serves as a definitive written source explaining how and why we do what we do.

Second, because we invite investment partners to work with us, this book allows us to more completely and efficiently describe and communicate what we do without all the fluff of a brochure.

Third, as our management team grows, this book serves as both an instructional and operational guide into what and how we do things. It is a more concise alternative to a full-scale Operations Manual.

Finally, this book was written for experienced investors who wish to expand their financial repertoire by utilizing the “subject to” mortgage as an additional financing technique to acquire property.

What to Keep in Mind

There are two important points I want you to keep in mind.

Despite how the "subject to" mortgage technique is advertised in seminar circles, we take a serious view on this subject. We consider this an advanced financing technique that can be incredibly powerful when utilized correctly. Or it can be financially catastrophic in foolish or ignorant hands. *This handbook was written for the experienced investor* and makes no effort to accommodate the beginning investor.

Our system constantly changes and evolves as we adapt to new circumstances, situations, rules, and market conditions. As such, we unhesitatingly make changes, updates, and revisions to our daily operations which, over the course of time, may outdate the information in this book.

In the meantime, I hope you find the information helpful. Thank you for reading this book.

Matthew S. Chan