

# Understanding Investment Opportunities in Bankruptcy Properties

**Your personal guide to an untapped goldmine of motivated sellers that  
most investors are intimidated by ...  
for no good reason!**

***BY: Caryn McKinney and Mark Klee***

There are hundreds of thousands of real estate investors in this country. And the numbers continue to swell, largely because it's a proven fact that investing in real estate has created more millionaires than any other form of investing! Geez, who wouldn't want to be a real estate investor?

Of course, there's always "the other side of the coin." Truth is, 90% of those who call themselves a real estate investor ***never buy their first house!***

These facts quickly lead us to the obvious question ... Why? We think it's simple ... most investors never get past the first hurdle ... they never find the right deal, much less a consistent source of leads to truly motivated sellers!

As investors, we can't afford to pay "owner-occupant" prices. We have to find motivated sellers who are willing to sell their homes for significantly less than the retail value. There must be enough of a "cushion" so we have room for cash flow on a rental or lease option property, retail profit on a fixer-upper, or wholesale profit on a quick-turn deal.

These challenges were exactly what we were facing day-in and day-out of our investing business. We were pursuing every avenue we could think of to find good deals on a consistent basis. Many ways worked, but they were never consistent so they weren't creating the kind of income that we could rely on. And *that* was problematic because we really like consistent income. Perhaps you can relate, eh?

**Then we literally stumbled into a wholesale deal that gave us a “net” profit of \$55,000 ... yes, I said wholesale deal! And yes, I said \$55,000 profit! We were actually only in the house one time. How cool is that? I bet you would have examined the heck out of that deal to figure how to find more like it, too. Right? Well, that’s exactly what we did and we found an entire market niche of highly motivated sellers that *all the other investors were running from!!* Needless to say, we were “dancing in the streets!”**

The niche we found was the “troubled bankruptcy” market.

Let us clarify what we mean by that. We *do not* advocate marketing to homeowners who have just filed bankruptcy, whether it’s a Chapter 7 or a Chapter 13, which are the two types of personal bankruptcies. What we *do advocate* is marketing to homeowners who are in bankruptcy, but have demonstrated an inability to fulfill their responsibilities to the bankruptcy court. Of these troubled bankruptcies, as much as 95% of the time, these homeowners will soon *lose their bankruptcy protection*. And when that happens, their mortgage company will be proceeding with foreclosure. So we market to them as they start having their troubles!

Are you starting to see why these homeowners are highly motivated to sell? They’ve been through it all ... they were unable to make their payments, then perhaps they were facing foreclosure, then they filed bankruptcy to stop the foreclosure, and now they’re losing their bankruptcy protection. So they realize that foreclosure is coming (in some cases ... AGAIN!). Clearly, YES, they are extremely motivated to sell so they can get this emotional and stressful time in their lives behind them!

To further clarify the many reasons the “troubled bankruptcy” niche is so valuable, let’s walk through some key factors that are fueling this market.

- (1) **Rising interest rates and housing prices** make it difficult for the investor to find deals that are worthwhile.
- (2) **Liberal lending standards** have also led many consumers to borrow more than they can afford.

- (3) Studies show that a **loan's risk of default is tied directly to the size of the down payment:** the lower the down payment, the greater the likelihood of default. And many of the lending products require little or no "skin in the deal!"
- (4) More fuel for this fire ... the Census Bureau recently released statistics showing that the **average household spends almost a third of their income on housing costs** ... up from only 20% in 2000.
- (5) Pile on the data about **rising consumer debt burden.**
- (6) As interest rates continue to rise, homeowners with ARM's easily find themselves no longer able to afford their home AND no longer able to afford to refinance. This is potentially the **market segment that is at the highest risk.**
- (7) And if the real estate market flattens or dips in a given area, homeowners with interest-only mortgages will also find themselves upside-down in their homes.
- (8) **All these situations leave homeowners with bankruptcy and/or foreclosure as their only real alternatives. The bottom line: more and more homeowners are at risk ... and looking for solutions to be able to stay in their homes longer ... solutions like bankruptcy!**

At this point, you might be asking yourself ... If this is such a great niche to go after, why isn't everyone doing it? Well, that's an entirely different topic and we certainly want to address it!

When most people hear the word "bankruptcy," their first reactions are intimidation and avoidance. The fact that it's a legal process involving the Federal government pretty much explains both reactions.

From our informal surveys of many investor groups across the country, most real estate investors react precisely the same way ... largely due to a lack of education and experience. It's really very normal and reasonable ... we are all intimidated by things that we don't understand.

***You may not have had the chance to learn the simple truth about investing in bankruptcies. We just know there are amazing opportunities for real estate investors in the bankruptcy niche, that we've made it our personal specialty to remove the fear you may be experiencing!***

Let's start by throwing out the most common myths and misconceptions that we've come across. And please know ... they are all HOGWASH!

**Myth #1: Bankruptcies are too legally complicated for the average real estate investor.**

**Myth #2: You can't buy a house in a bankruptcy.**

**Myth #3: Only attorneys can deal with the Bankruptcy Court or a Bankruptcy Trustee.**

**Myth #4: If there's any equity in a house, the Court won't allow me to buy it.**

**Myth #5: There are no pretty houses in bankruptcy.**

**Myth #6: There are no investing opportunities for houses in bankruptcy ... mortgage balances are too high.**

**Like we said ... all HOGWASH!**

These are just some of the many myths we've heard surrounding bankruptcies and the many profitable opportunities for real estate investors. Our business changed dramatically as we learned the details about the bankruptcy process and how to buy houses during that process. The more we learned, the less intimidated we were and the more empowered we became!

The facts are simple ... you can be marketing to motivated seller with a failing bankruptcy *and* an extremely motivated mortgage company. **Can you ever have enough of those kinds of quality leads??**

Soooooo ... if you're ready and willing to:

- ✓ Learn the basic terminology and facts,
- ✓ Understand the process that is repeated in every bankruptcy,
- ✓ Use our system to identify the prospects for your marketing campaign, and

- ✓ Set up simple systems so you have your own personal pipeline of motivated sellers, then

YOU will be one of the ‘exceptional investors!’ As a result, the ‘sky’s the limit’ for *you* and your investing business. ***And the best part is – virtually nobody else knows about these homeowners or how to find them, which literally translates into NO COMPETITION!***

To wrap up, there are clearly more reasons to specialize in the bankruptcy niche than we could have ever imagined. These homeowners need our help. And the statistics tell us that the opportunities are just starting to explode. For example, all the figures aren’t available yet, but for Atlanta and many other major markets, bankruptcy filings (which later lead to our “troubled bankruptcies”) are UP 70% in the first quarter of 2007 over the same time period in 2006. Clearly, the “troubled bankruptcy” niche is heating up. YOU can ride this tidal wave of opportunity if you’re ready to take action NOW!

*Caryn McKinney and Mark Klee originally partnered in 2002 to create [www.PostBankruptcyReport.com](http://www.PostBankruptcyReport.com). Now they are a national voice on investing in bankruptcies. At the request of their subscribers and others, they have developed quality training materials and seminars to promote this incredible investment opportunity. Their simplified and detailed information includes everything you need to know as a real estate investor wanting to purchase homes in the bankruptcy niche market, including showing you how to access the hottest leads coming out of bankruptcy! Now you can enjoy the same amazing profits as Mark and Caryn reveal their secrets.*