

Find Out What No One Else Has Been Telling You About Nothing Down Real Estate

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Nothing Down real estate has been around for about three decades now, so the natural assumption is that it is probably reaching the end of its life cycle. Not so. The reality is that Nothing Down is alive and well, and more profitable than ever before. The only difference is that our current economy and consumer dynamics have changed the rules.

Unfortunately, no one is telling you this.

Why? Well, for a couple of reasons, mostly. You see, with the exception of only a few, most Nothing Down courses were written by people who fall into one of the following two categories: “Old-Timey” gurus, who used to buy and sell real estate back when the *Saturday Night Fever* soundtrack was a best-selling 8-track tape; or more recently, “New-Age” gurus who claim that their single method is the best and only method you’ll ever need.

Of course, what worked when disco was king doesn’t work anymore, so the reason the old-timers won’t give you the latest scoop on Nothing Down is because they don’t know what it is. But that’s only the half of it. You’ve also got a bunch of new age gurus who know *exactly* what’s going on right now, but their agenda prohibits them from telling you about it. You see, their technique may have worked quickly and profitably even as recently as two or three years ago. But the ever-increasing challenges that have mounted since then are making it easier and more profitable to just sell courses about their favorite technique than to actually use their techniques in real life.

So what can you do about this if you want to find a good course on real life Nothing Down techniques? For one, you need to look at the author, and make your own determination as to whether they are spending more of their time as a real estate investor or as an information entrepreneur. Second, if the author is featuring 20 or more techniques, or claiming that their single method is the only one you’ll ever need, this should raise some red flags. The truth is that if you fully understand just 4 or 5 methods, you can easily modify them into dozens of unique applications. And if anyone is trying to convince you that you only need one technique because every motivated seller can be squeezed into the same box, then they are either displaying unhealthy levels of naivety, or just flat-out lying to you.

As someone who spends time every day in the trenches of Nothing Down real estate, I am ready, willing and well-qualified to share with you what I see as the 5 most important truths that no one else is telling you about Nothing Down! So here goes:

1. Lease-Options are *not* the best way to buy and sell real estate Nothing Down.

Of course, in 1996 I was singing the praises of Lease-Options, but things have changed since then... significantly. So much so, in fact, that Lease-Options have now become one of the more challenging and lower-profit Nothing Down techniques I use—thanks to new anti-flip policies by lenders, increased competition from other investors and our current economy. Lease-Options still work extremely well in some applications, but if you’re looking to take control of houses by Lease-Option, and then re-sell them all by Lease-Option, you’ve got some surprises coming that your Lease-Option guru forgot to tell you about. Things just aren’t the same as they were 4 or 5 years ago.

2. If you still want to do “sandwich” Lease-Options, you’re better off using Lease-Purchase instead. Even though a Lease-Purchase technically obligates you to buy, tweaking the language a little can make it effectively identical to a Lease-Option, but with one very distinct advantage... *perception*. Sellers prefer to hear the term “purchase” rather than “option” during negotiations, especially since most won’t know what an option is. On the flip side—when you’re the seller—a Lease-Purchase that legally obligates your tenant/buyer to perform will enhance their cooperation levels and reduce their likelihood of default.

3. Seller’s are not lining up for term offers right now.

Interest rates are still pretty low right now, and because lenders have also created some wacko non-conforming loan programs to go along with these low rates, just about anybody can get a mortgage today. That means most sellers are not having too much trouble selling their homes these days, and therefore fewer of them will need your Lease-Purchase or Land Contract term solutions. You can still turn some of these deals, because there will always be some people who’ll fit the profile. But until interest rates start climbing again, you need to focus more of your efforts on other Nothing Down techniques.

4. You can overcome today’s term deal challenges by combining two or more strategies on the same house.

New anti-flip crack-downs and lending policies that were instituted a few years back had begun making it tougher to collect back end Lease-Purchase profits. Until recently the best way around this was to simply get better at convincing sellers to sell me their properties on Land Contract instead of just giving me control of them by Lease-Purchase.

Buying by Land Contract allowed me to sell by Land Contract, which in turn permitted me to collect my profit up front in the form of a larger downpayment or assignment fee. This worked well for awhile, until the delayed 9-11 back-lashed economy caused even my best high-end Land Contract buyers to have trouble making payments sometimes. Being faced with the possibility of removing defaulted Land Contract buyers will make *anyone* long for the days of a simple eviction.

So, how can you combine Land Contract profitability and simple Lease-Option remedies? A great fix for this temporary dichotomy is to mix things up a little. By purchasing houses “subject to” or with recorded Land Contracts, and then selling them on Lease-Purchase, you would not only be solving your anti-flip and seasoning challenges, you would also be giving yourself faster and less expensive recourse choices in the event your buyer should happen to default. Then, as interest rates and economic conditions recycle again—and they always do—you can go right back to business as usual.

5. Your success in real estate has nothing to do with real estate techniques.

Most gurus won’t tell you this. Why? Well, they either don’t know it themselves, or they just don’t want to write a course about it because they know you won’t buy it. These days, there doesn’t seem to be any market appeal for anything except whatever happens to be the latest, slickest, glitziest, coolest, and most creative buzzword real estate technique at any given time.

After all—be honest—would you buy a course on marketing techniques, human psychology, business systems, business cycles, or the importance of a healthy self-esteem? Unless you’re a woman or a uniquely perceptive man, you’ve probably answered “No” with a capital “N”.

Unfortunately, these particular skills are far more important than any single real estate technique you can ever learn. You see, you’ll need effective **marketing skills**—driven heavily by a thorough understanding of the **human psyche**—to both buy *and* sell houses profitably, especially when you intend to utilize slick, glitzy, and cool creative methods. You’ll need to develop a **business system** so that you can consistently

replicate profitable deals over and over again, and you'll also have to understand and recognize **market cycles** so that you can shift your efforts and apply the most effective real estate techniques for each cycle.

But perhaps even more importantly, you'll need to do all of this with a sufficient, well-balanced, **self-esteem**. This will allow you to accept the wealth that your mastery of the other skills will create, without subconsciously sabotaging yourself through guilt or other feelings of inadequacy. A well-balanced self-esteem will also help keep you from rising to a destructive level of self-aggrandizing, or perhaps trying to find some kind of validation or inner fulfillment through an empty pursuit of material possessions.

Now, of course, these previous issues are only what I believe to be the top five things that no one seems to be telling you about Nothing Down in today's creative real estate market. There are more challenges, of course, but if you can get past these five, you'll be miles ahead and much more profitable than many of your colleagues.

Nicholas Modarelli is a 20 year veteran of Nothing Down techniques, and has been a full-time real estate entrepreneur since 1995. To date, he has been involved in well over 300 real creative estate transactions in six different states.