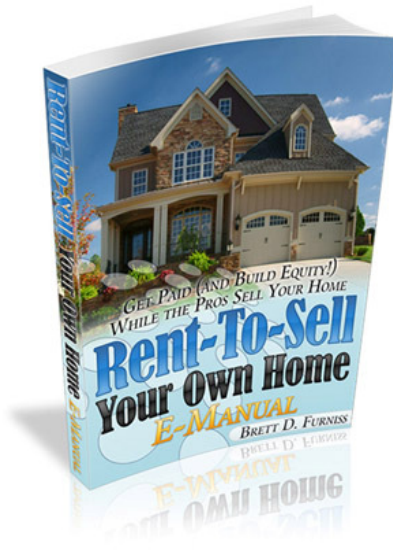


“Rent-To-Sell Your Own Home” E-Manual *Get Paid (and Build Equity!) While the Pros Sell Your Home*

The Fastest Way to Sell Your Home Guaranteed!!



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Introduction

The real estate market is bad. I don't need to tell you this; you downloaded this E-manual looking for an actionable solution to sell your home.

The fundamental issue is that the mortgage market fell apart and the economy is hurting. This created the *imperfect* storm...

There are more people who need to sell their homes...

There is less mortgage money available for people to buy homes...

This creates a glut of homes on the market...

Supply dominates demand driving home prices down...

You are left with a home sitting on the market that you don't want...

And most people who *want to buy your home are unable to...*

You probably listed your home with a real estate agent and the house is sitting on the market. Many of your neighbors and friends are in the same position. You have a beautiful home, but just can't sell it. Is there an answer out there?

I've seen more nonsense in the national media in the past year with "solutions" to sell homes. My favorite is "House Swaps" where you find someone in the town you want to move to that is trying to sell, hope that they want to move to your town, and then swap homes- no messy sale necessary! Unfortunately, this is just not practical for most of us!

My name is Brett Furniss and I am the President and Owner of BDF Realty, Inc. (www.BDFRealty.com) and Rent-To-Sell Realty, Inc. (www.RentToSell.com). We are a small company serving Charlotte, NC that specializes in helping homeowners sell through an innovative process known as "Rent-To-Sell." We have found it to be a *practical* solution to get our clients' homes "Under Contract," usually within 30 days.

The reason I'm writing this is that I've received many e-mails nationally (and a few international!) asking if we serve areas other than Charlotte; unfortunately, we don't at this time. However, our Rent-To-Sell process is fairly simple and can be executed wherever you live. It is my sincerest hope that this e-manual will be the magic bullet that helps you through these rough times in real estate.

The Purpose of this E-Manual **IS** to:

- Show you how to use several real estate sales methods simultaneously
- Educate you on how to coordinate with real estate professionals to achieve the sale of your home
- Have someone buy your home or pay your mortgage until your home is SOLD

The Purpose of this E-Manual **IS NOT** to:

- Be the Be-All, End-All Guide of Real Estate Sales Knowledge
- Make you a real estate professional
- Be an in-depth learning experience
- Save you from foreclosure happening tomorrow

My goal is to help you get your home “Under Contract” by offering practical solutions you can use yourself or through real estate professionals. Whole books have been written on subjects I cover in less than a page; ease of use and effectiveness are my objectives. I want this e-manual to be useful, not turn you into a real estate professor. The ideas contained in this e-manual work and have been effective for our clients. I trust they will be effective for you as well!

Testimonials

We are contacted daily by people who desperately need to sell their home. I thought I'd share some success stories from clients who had problems that may be similar to your own.

1. **Problem:** The client used a Realtor who was unable to generate interest in her home. She had found a home she liked but couldn't move into it until her present home was filled.

"I just wanted to thank you for helping us move into the home that we felt was the one for us by finding us a tenant in such a timely manner. We had tried another realty company, but did not receive the showings that we thought we would receive within an eight-month period. We knew it was just a matter of time after establishing a relationship with Rent-To-Sell Realty because we immediately started having showings (about 8 in a short period of time). It has been enjoyable working with you and your associates. You were very professional and personable. Thank you for making this transition seamless for me and my family."
-RJ (University area of Charlotte)

"We had originally listed our home with one of the large real estate agencies in Charlotte and had virtually no response on our listing for 3-4 months. We were about to be transferred to Orlando, FL and had to do something to avoid making 2 mortgage payments. We signed a listing agreement with Rent-To-Sell Realty and they placed a tenant-buyer in our home within 30 days!! Not only did we get an offer for more than what we had originally listed for, we also received a bank transfer of \$1,500 when the tenant moved in. Rent-To-Sell was the perfect solution for our situation." - GD and PD (University area of Charlotte)

2. **Problem:** Other Realtors said to expect a *loss* of thousands of dollars when their home was sold.

*"We were competing with nine other townhouses that were for sale in our community. The Realtors we initially consulted told us that we would probably lose \$6,000-\$10,000 after Realtor fees. Then we found BDF Realty and decided to pursue the Rent-To-Sell option. The process was simple and handled in a very professional manner. Our property was leased with an option to purchase in only four days after being posted on BDF's website and we **MADE** money on the sale. We highly recommend Rent-To-Sell Realty." -JH and JB (University Area, Charlotte, NC)*

3. **Problem:** The client had a second investment home that she couldn't fill. She couldn't afford to keep paying 2 mortgages and needed to do something quick before her savings ran out.

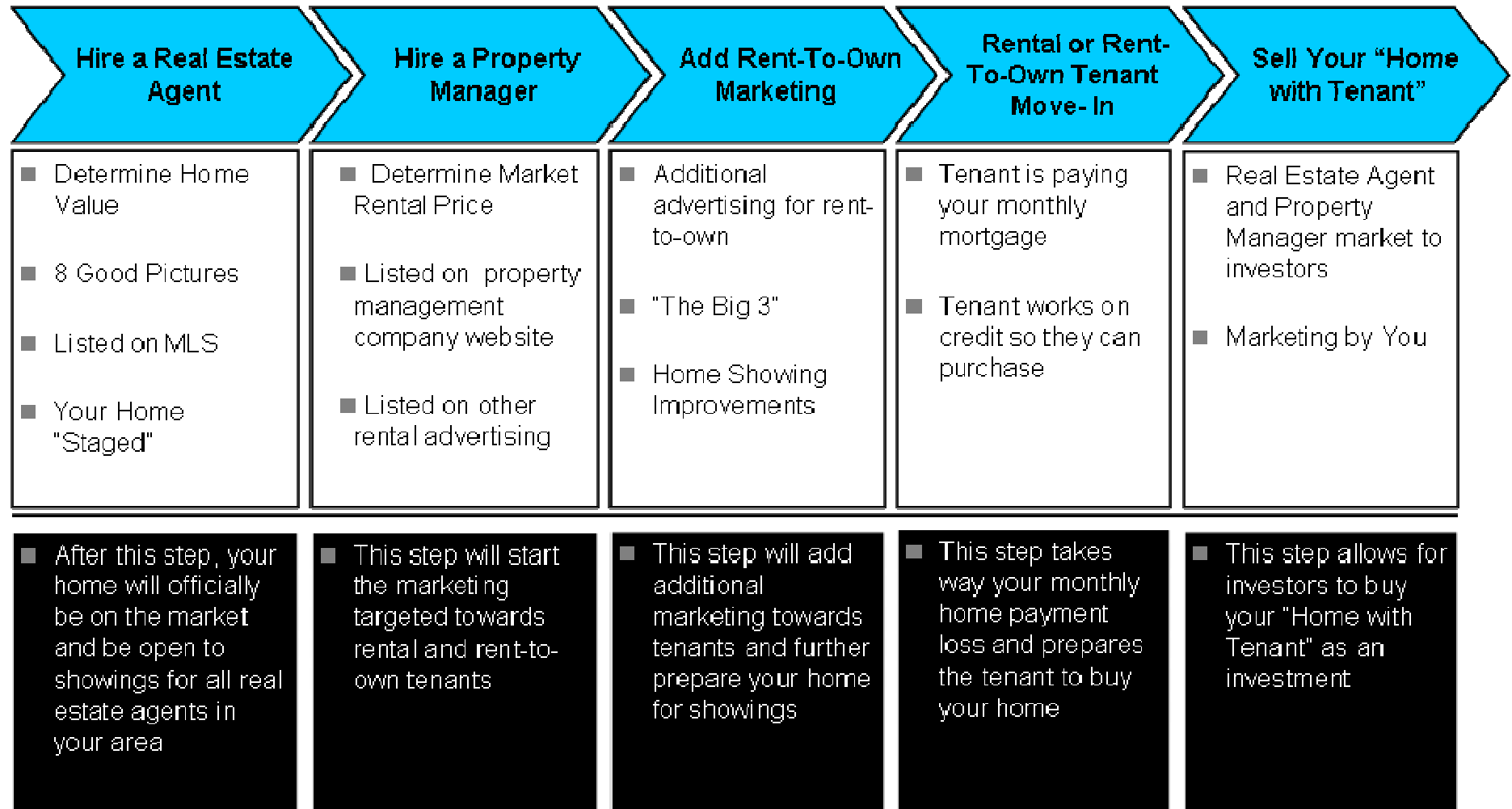
"Rent-To-Sell Realty exceeded my expectations. They were able to fill my investment property with a rent-to-own tenant in 17 days and handled all of the details including marketing and showing the property, screening the tenants, and completing all the paperwork. Best of all, I was able to get the full market price." -JM (Southeast Charlotte)

4. **Problem:** The client was suddenly relocated to Michigan for work. He needed a quick solution to fill his home and have someone take over his mortgage payments and the management of his home.

"From the moment we contacted you to tell you we had to move out on short notice, your empathy for our work relocation, the explanation of your Rent-To-Sell Program, the top shelf attention to our needs, and the thorough professionalism of your staff was unbelievable.

We have enjoyed working with you; if we are involved in any other real estate transactions, Rent-To-Sell Realty will be our first call! I have never been more at ease in understanding the real estate process." -GW (Ballantyne area of Charlotte)

Rent-To-Sell Process



What is Rent-To-Sell?

“In sales, it’s all a numbers game.” – Every salesperson I’ve ever spoken to

Rent-To-Sell’s main premise is to expose your home to the largest number of potential buyers (be it present or future). If it’s present, that’s great. If it’s future, we want them to make your monthly house payments until they do buy.

Rent-To-Sell uses three sales methods concurrently to sell your home:

1. The Traditional Method- hiring a real estate agent to sell your home (Present Buyers)
2. Rent-To-Own and Rentals- renting your home to a tenant who wants to buy it eventually (Future Buyers)
3. Home with Tenant (HWT)- renting your home to a tenant and then selling the home to an investor as a ready-made investment (Present Buyer- different angle)

It’s that simple. I highly recommend using real estate professionals (agents and property management companies) to execute these strategies for you; they can save you from costly errors and increase the speed of selling your home. On the following pages, I will tell you how to “maximize” your real estate professionals.

Rent-To-Own Vs. Rent-To-Sell- What is the difference?

This is a frequently asked question!

Rent-to-own is from the tenant-buyer perspective; the tenant rents your home with the intention of purchasing it sometime during their rental period.

Rent-To-Sell is from the seller’s perspective and is described briefly above. It is simply the best way to market your home for sale to the largest number of potential buyers.

“Maximizing” Your Real Estate Professionals- Part I **Working with a Real Estate Agent**

This is the first step necessary for executing the Rent-To-Sell Program is getting your home on the market. The purpose of hiring a real estate agent:

1. Find out the market price of your home
2. Have them place your home for sale (and for rent-to-own/lease option) on your local Multiple Listing Service (MLS). This will open up your home to be shown by all active real estate agents in your market area
3. Solicit hints on how to “stage” your home (aka how to make your home look good so someone will want to buy/rent-to-own/rent it)

Process

1. Call three local real estate companies you know of and ask for someone who is knowledgeable in working with investors. Set interviews with one real estate agent from each company. Or hire your favorite agent!
2. When they come to your home, have them go through their spiel and then show her/him this E-manual. Be open and upfront about what you are trying to accomplish and how. Ask if they can recommend a property manager that is familiar with rent-to-own.
3. Ask them any questions you have and make sure to include:
 - a. Have you ever executed a rent-to-own contract? If so, how many?
 - b. Is it an issue if I hire a property manager to market the home as well? What would their commission be under this scenario if the property manager filled the property and not them?
 - c. Do they work with investors that are looking to buy homes with tenants in them?
4. Do not sign any paperwork during the appointment. Make sure that you have all the information to make a decision.
5. Once all interviews are conducted, sit down with your spouse (or any other decision maker on your home) and decide who you are most comfortable with and is most knowledgeable about the facets of the Rent-To-Sell process.
6. Hire a real estate agent. They should:
 - a. Place your home on MLS
 - b. Put a lockbox on your door
 - c. Put a sign in your yard
 - d. Tell you how to make your house look good for buyer/tenant showings
7. Move on to the Property Manager set-up on the next page

“Maximizing” Your Real Estate Professionals- Part II

Hiring a Property Manager

(much like hiring a real estate agent)

The purpose of this is to:

1. Get the market rent price of your home
2. Get hints to stage your home for showings
3. Have them list your home for rent and rent-to-own on their site, as well as their other marketing vehicles

Process

1. Call two local property management companies and set an appointment to meet with each property manager at their office.
2. When you meet them at their office, have them go through their spiel and then show them this E-manual. Be open and upfront about what you are trying to accomplish and how. Ask if they can recommend a real estate agent who is familiar with rent-to-own.
3. Ask them any questions you have and make sure to include:
 - a. Have you ever executed a rent-to-own contract? If so, how many?
 - b. Is it an issue if I hire a real estate agent to market the home as well? What would their commission be under this scenario if the real estate agent filled the property and not them?
 - c. Do they work with investors that are looking to buy homes with tenants in them?
4. Do not sign any paperwork during the appointment. Make sure that you have all the information to make a decision.
5. Once all interviews are conducted, sit down with your spouse (or any other decision maker on your home) and decide who you are most comfortable with and most knowledgeable about the facets of the Rent-To-Sell process.
6. Hire a property manager. They should:
 - a. Market your property on their website and others for rental and rent-to-own
 - b. Put a lockbox on your door or have the ability to enter through the real estate agent’s lockbox
 - c. Put a sign in your yard indicating the home is available for rental and rent-to-own
7. Move on to the Rent-To-Own set-up on the next page

Rent-To-Own Basics

In a perfect world, your property manager and real estate agent should handle your rent-to-own without your involvement; and it is possible that they have the knowledge to do so.

However, a real estate agency's core competency is buying and selling homes in the traditional fashion (all cash buyers). A property manager's core competency is renting homes. And they both are probably very good and profitable in these areas.

Rent-To-Own (also referred to as a Lease Option) lies somewhere in the middle. It consists of a lease (a rental agreement) and an option (the right to buy the house for a set price during a set period of time). So, basically this allows a tenant to rent your home and buy it sometime while they are renting if **THEY CHOOSE TO DO SO**. They are **NOT** contractually obligated.

Why do people choose to rent-to-own instead of buying? There are many answers to people's motivations, but the most direct (and important) is that they usually cannot buy. A mortgage company will not give them a loan because their credit is damaged or they do not have a sufficient down payment yet.

Why do people rent-to-own instead of just renting? There are many reasons for this:

- **Equity in the home grows at a faster rate than through conventional financing**
- **Their rent money is working towards the purchase of their home**
- **They can "test drive" the home and neighborhood**
- **The option money is credited towards the price of the home**
- **There is less up-front cash out of their pocket**
- **Credit problems are not "show stoppers"**
- **Gives them time to repair their credit**
- **They can make improvements to the property while they rent**
- **The house cannot be sold to someone else; they have the contractual right to buy the house**

Now that the tenant-buyers motivations are established, the next question is the process on how to set this up.

Rent-To-Own: How You Can Help!

I highly recommend using real estate professionals (agents and property managers) to sell your home, but your role in the sales process is invaluable as well. Below are steps you can take to speed up the process.

Run Additional Ads

Your property manager and real estate agent are probably running marketing on your home. Google search the following three phrases:

- a. Rental Houses “Your Town, Your State”
- b. Homes for Rent “Your Town, Your State”
- c. Rent to own Homes “Your Town, Your State”

Look for the top two web sites that will allow you to run ads of your home on them- then pay (if necessary) to run them. In Charlotte, NC, we like to list our properties on:

- a. www.EBay.com- sell your home as an investment
- b. www.Craigslist.com- The free way to advertise your home for sale
- c. www.Rentals.com- The property manager might already use this site

When placing these ads, watch your Big 3 (below)!!

1. Good Photos (8 are ideal- front, back, kitchen, master bathroom must be included)
2. Good Descriptive Copy (average time to reach major landmarks and freeways is important! Ex: located 10 minutes from Uptown Charlotte and I-77)
3. Competitive Price (if #1 and #2 are good and your home has not sold, then it's definitely #3!- lower it)

The Big 3 is the key to having successful ads. If you have a substantial amount of marketing exposure and your home is in good shape, you will experience no problems with attracting tenants and filling your home.

Remember: All phone calls and e-mails about the property should go directly to the property manager and real estate agent! Do not put *your* contact information in the ads. (They are paid to handle responses!!)

Making Showings Easy and Pleasing to the Senses

If your home is occupied, allow showings whenever possible. Many clients cancel showings by real estate agents because it may be an inconvenient time. If you really want to sell your home, this cannot happen often!! Make sure you leave your home prior to the real estate agent being there (no one likes to look at homes with the owner present). Before you leave, make sure your home is clean, leave open the shades to let as much light in as possible, and turn on all the lights. If you want to be advanced, use a plug-in air freshener to have your house smell nice and play soft, classical music.

Having your house show well depends on the senses:

- Sight- home must be clean and non-cluttered- its gotta look good! This includes the yard!!
- Smell- if your house smells badly, you will NEVER sell the home. Ask a friend who will tell you the truth- fix if necessary! (Think air fresheners, a thorough cleaning, and Lysol) If this doesn't work, think professional help!
- Sight #2- For more things you can do to make your home look better, see the article on "Home Staging" on our website, www.RentToSell.com. To go even further, there are people who do home staging as a career and can really help you get your home in top shape. To find them, go to the Yellow Pages or Google "Home Staging 'Your City, Your State'". Cost is usually \$500+, depending on the value of your home.

Closing the Deal

If people who see your home express interest and ask how to reserve it, you must ask for and accept money from them! Tell them they can reserve the home now if they can put down a deposit immediately. There is no commitment if there is no money!!

Random Thoughts from a Property Manager & Broker

I know as much as I emphasize the use of real estate professionals in executing the Rent-To-Sell sales strategy, some of you will do this on your own anyway. Here are some tips that I hope will help...

1. If a prospective tenant wears a suit and begins to sell you on how they are a great person and tenant, they either have awful credit, a long and distinguished criminal record, or both.
2. NEVER allow a tenant to move in who has not paid the entire security deposit and first month's rent (trust me!). You do NOT want broke people moving into your home anyway; if someone loses a job or utilities become too expensive, you are looking at an expensive eviction. Resist the temptation- don't do it!!
3. To expand on #2, we take it a bit further at BDF Realty. We collect the security deposit and first FULL month's rent before move-in, regardless of move-in date. Then we pro-rate the monthly rent in the second month. Moving is always more expensive than people realize; a break on rent the second month is really appreciated by the tenant.
4. Always collect, *at minimum*, a full month's rent as a security deposit- for the reasons above, see #2 and #3.
5. ALL money accepted upfront for the application fee, security deposit, option fee, and/or first month's rent must be in CERTIFIED Funds. (bank check (make sure it is a bank you have heard of- verify if not), money order, cash, or bank wire- do NOT accept personal checks!) No keys without all certified funds! You can take personal checks starting in month two.
6. For unoccupied homes, aggressively move down in price. If you think you have the Big 3 taken care of and your house isn't generating inquiries, your price is too high. Lower it in \$50 to \$100 increments every two weeks or so for rental or rent-to-own, and ask your real estate agent about aggressive pricing for a sale.
7. Don't forget about your lawn. Curb appeal is big! Some people will just give your home "the drive-by good-bye" if it doesn't look good from the outside.
8. Watch out for seasonality. In real estate, the market will be even worse from August 1 – Sept 15 (kids going to school) and Thanksgiving through January 15th (holidays). If you can, put your house on the market at times other than these.
9. **The whole purpose of marketing (running ads) is to generate responses!** And responses are **useless** if they are not responded to as quickly as possible. In the Internet Age, I wish I could say the prospective tenant/buyers would wait 12 hours to hear back from you. The truth is the first company who replies right away has the clear advantage. Tenant/Buyers will call around until someone picks up the phone or returns their e-mail. Think about it: don't you do the same?

10. Responses must be turned into appointments to see your home. You should have a 40%+ conversion rate of responses to appointments to see your home. Ask for the appointment when you speak to a potential tenant-buyer- something like, “So, that’s great. Are you available to see the home today/tomorrow at 3 PM?”
11. I’m not a big believer in spending a lot of money on your home to make it sell. For most cases, taking care of the cheap, simple things will be effective and more than what most homes on the market are doing to sell. Use the feedback solicited from the people who viewed your home to find what issues people have with your home; you can get this information via your property manager and real estate agent. Then correct the issues that make sense (and don’t send you to the poor house)!
12. Ask for feedback on ways to improve your home from the agents that show your home. Remove as many objectionable things as possible. And don’t take everything to heart- some people like things that others don’t. But no one likes dirty carpet.

Selling “Homes with Tenants”

Basics

Congratulations!! You now have a renter or rent-to-own tenant in your home. Someone else is making your mortgage payments and you live where you want to live now; that’s half the battle! Now you need to sell the home. Many investors nationally are looking to buy residential rental properties in higher growth and lower cost markets; your home could be an excellent acquisition for them!

Investors like:

1. **Cash Flow**- how much money will be remaining after they use the tenant’s rent payment (incoming cash) to pay their monthly mortgage on the house (outgoing cash)? If the rent is \$1,500/month and their monthly mortgage payment is \$1,200, the “cash flow” of the home is \$300. Pretty simple. Most investors like to see \$100+/mth in positive cash flow.
2. **Equity**- How much value is in the house? If the house is worth \$200K and an investor can buy it for \$180K, there is \$20K in equity in the house. And for the advanced people out there, it easily computes equity into percentage terms (10%). Investors typically like to see 10% equity at minimum.

Investors Dislike:

Holding Costs- these are the costs accrued after buying the house until it is sold or rented. They include:

1. Mortgage Payments while house is empty
2. Repair costs- typically the homes they buy with equity have issues. There are reasons why they can buy them at a discount!
3. Utilities- electric, water, etc. that must be on during the repairs. You need electricity to operate tools, lights, etc.
4. Theft and vandalism costs on unoccupied homes
5. Marketing costs- Property Managers and very affordable “Rent-To-Sell Your Own Home” e-manuals cost money!
6. More repairs when the tenant moves into the house. You never get all the things during general repairs because you only notice certain things if you live in the house.

These Holding Costs amount to thousands of dollars- guaranteed!

The beauty of selling “Homes with Tenants” and why smart investors like to buy them boils down to a simple equation:

Cash Flow + Equity + Zero Holding Costs = Good Deal

It means more money in their pocket, less headaches dealing with repairs and vacancy, and guaranteed cash flow beginning on Day 1 after purchase. It's a ready-made investment which makes it even more perfect for out-of-state investors to buy!

I have seen clients offer themselves as the tenants on a one or two year lease. An investor would buy their home contingent on them signing a one-year rental lease. After the year was up, the client was free to move wherever they wanted. The investor had a great tenant for a year with no repair costs. It was a great win-win for both the client and buyer!

Selling “Homes with Tenants”

Process

The first step is to get your tenant to work with a mortgage broker. They probably have damaged credit and will need to do certain things so they are able to get a loan to buy your home. This usually will be done for free by the mortgage broker; you just need to make sure that the tenant places the loan with the broker when they can buy. Or they will tell their friends with better credit to place loans with him/her. The mortgage broker needs to close loans to make a living!

Another option is to have them enroll in a credit repair program (cost: \$250-\$1,000). To find a credit repair program near you, Google “Credit Repair ‘Your Home Town’ ‘Your Home State’” (Example: Credit Repair Charlotte, NC)

Now it’s time to begin selling your “Home with Tenant” (HWT):

1. Tell your tenant your intent to sell the home with them in it. Make it clear that their lease protects them from a new owner kicking them out of house. The investor is buying it *because* they are renting the house! Explain that there will be some showings at the home.
2. The set-up for the house should be minimal. There is no need to have a sign in the yard and the lockbox can be placed in an inconspicuous spot on the side of the home. It is important to be as unobtrusive as possible; your tenant can make or break your sale by keeping your home clean, making it easily available for showings, and not badmouthing it when investors come to look at it. It is tough to sell a HWT with an unhappy tenant- make your tenant happy by being courteous!
3. Get a scanned copy of the lease (most investors will ask for it) from the property manager along with eight pictures (you should have these already)
4. Ask your property manager to market your HWT to their client base of investor clients
5. Ask your real estate agent to list your HWT for sale as an investment in MLS and market it to the other agents in their office who work with investors
6. Run an ad in www.Craigslist.com and www.EBay.com selling your home as in investment. An example ad can read:

Buy a Charlotte Investment Property with a Paying Tenant!
Beautiful, 4 BR / 2.5 BA 2-Story Home with a Great Tenant
Paying \$1,500/month on a 2-Year Lease. Cash flow of \$200
month! Worth \$220,000, Buy for \$200,000! \$20K Instant
Equity!! Call Brett Today @ (704) 555-5555 or E-mail to
Brett@RentToSell.com.

7. See next section on how to price your home and calculate cash flow for your home for the ad
8. The purpose of inquiries is to set appointments for interested investors to view your home. However, with a tenant in your home, it will become a nuisance to them if you are bringing people into their home everyday. I recommend scheduling showings a maximum of one day a week in one to two hour blocks (depending on the number of viewings) on Saturdays. Keep showing times during the week ONLY for special cases when you have a hot prospect. It would be better if the tenant was not in the house at the time of the showing. I have a friend that gives his tenants \$25 to get breakfast while he shows the home. Buyers are not typically comfortable poking around other people's homes while being stared at by the occupants. Would you?
9. When an investor wants to make an offer, refer them to your real estate agent to take care of the paperwork. Do not bargain with the investor; please leave it to the agent that you are paying to negotiate this out for you!
10. Once your agent negotiates the sale, sign the paperwork and smile. Don't be too smug, it's not official yet.
11. After 30 days, congratulations!! Your home is sold. Now you can be smug and tell your friends about this great E-manual you read!

Selling “Homes With Tenants”

Pricing Guidance

Home Sale Price Calculation (Without Real Estate Agent):

Market Sales Price - Mortgage Payoff X 1.05 = Sales Price
(Provided by agent) (Provided by Mortgage Company) (Swing Room)

Home Sale Price Calculation (With Real Estate Agent):

Market Sales Price - Mortgage Payoff X 1.10 = Equity
(Provided by agent) (Provided by Mortgage Company) (Swing Room)

Thank you for taking the time to read this E-manual. I hope that you are able to successfully use some of the strategies outlined within it to sell your home in this difficult economy. If you have any comments, please e-mail us at Comments@BDFRealty.com. Happy Selling!

About the Author

Brett Furniss is the founder and president of BDF Realty, Inc. and BDF Realty Solutions, LLC. He has been involved in real estate investment, brokerage and property management since 2003, with year-to-year business growth rates in excess of 100% since their inceptions.

Brett has completed his first book, Rent-To-Sell Your Own Home E-Manual, which he published in electronic format through his website www.RentToSell.com.

Brett was born and raised in Lincroft, New Jersey. He graduated with highest honors from Grand Canyon University in Phoenix in 1999. He is currently enrolled in the Executive MBA Program at UNC Chapel Hill and expects to graduate in 2009.

After graduation, Brett went to work for Nextel Communications in New York City where he was #19 nationally in sales before leaving the company in 2003 to start BDF Realty.

Brett currently resides in “Uptown” Charlotte, NC.