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FREE SUBSCRIPTION

Animal Spirits

I just finished reading a book called *Animal Spirits* by Robert Shiller (of Case, Shiller fame). Shiller describes “Animal Spirits” as the confidence to take risk and how people come by that confidence.

Let’s say you have \$100,000 to invest. You would think that before you invested that money, you would look at all of your options and calculate what would work out best. That would be the rational way to do it, right?. But that isn’t what most of us do. What most people do is react with emotion and invest on feelings. These “feelings” seem to be correct many times despite all evidence to the contrary.

Craig Hill just purchased a home. He bought it for \$500,000 less than the person before him. The pervious owner had paid over \$1,000,000 for a house he knew would be a rental with a huge negative cash flow. Why would anyone do such a thing?

First, all recent real estate investment experiences had been positive. This allowed for confidence to grow, and the willingness to take risk increased. However, the risk was extremely high if anyone had looked at the investment rationally. Who would buy a million dollar house and *rent* it? Well, in 2006, there were lots of people willing to do just that. The risk to this speculator was masked. All he could think of was how much money he would make.

Often, the willingness to take risk is predicated on what everyone else thinks about that investment. In 2006, the word was out, and real estate was a sure thing. Any rational person would have looked at that million dollar house with a huge negative cash flow and said “pass.” But that is not how we invest. People, as a group, invest *emotionally*. We invest based on how we feel and how we feel is affected by recent experiences and what others feel toward that same investment.



Real Estate Radio Show
590AM

SATURDAYS FROM 6:00-6:30PM ON
INLAND EMPIRE’S KTIE 590AM

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I read a lot of blogs. Here are the headlines of the articles for July 8, 2009 at one of my favorite sites, <http://patrick.net/housing/crash.html>

Wed Jul 8 2009

- U.S. House Prices to Fall Through 2011's First Quarter (bloomberg.com)
- House foreclosures expected to surge in coming months (chicagotribune.com)
- America's Fastest-Falling Neighborhoods (forbes.com)
- Big box closures leave big blight across U.S. (msnbc.msn.com)
- Delinquencies on U.S. House-Equity Loans Reach Record (bloomberg.com)
- Consumer loan delinquencies continue to rise (news.yahoo.com)
- Tell Wells Fargo, Bank of America, JP Morgan, and Citigroup to Go to Hell (Mish)
- Banks let foreclosures rot, then complain about fines (signonsandiego.com)
- Big Banks Don't Want California's IOUs (online.wsj.com)
- California Credit Rating Cut Close to Junk After IOUs (bloomberg.com)
- Fitch Downgrades State of California Credit Rating (businesswire.com)
- U.S. House May Include Surtax on Wealthy in Health-Care Package (bloomberg.com)
- Inflation, the least of your worries (theautomaticearth.blogspot.com)
- Credit Expansion, Crisis, and the Myth of the Saving Glut (marketoracle.co.uk)
- 10 Things Your Real Estate Broker Won't Say (smartmoney.com)
- Gamer steals from virtual world to pay real debts (independent.co.uk)

How does the public react to articles like these bombarding their minds day after day? Their confidence erodes, and they shy away from real estate investing. Is that a rational decision? No, it's emotionally charged. It "feels" right to avoid real estate right now, and the "group" agrees. But, is it the right conclusion?

In one of our economic reports, I discovered a trend in what people were willing to pay for real estate in relationship to how much money they made. What was most interesting was the difference between what a typical buyer was willing to pay monthly at a peak market like 1989 verses a bottoming market like 1996. In 1989, the California buyer was willing to pay 55% of their gross income to own a piece of real estate. In 1996, that buyer retreated with his wallet and was only willing to pay 31%. Here's the interesting question: Did their capacity to qualify change, or had their willingness to sign up for the higher payment change?

Our bet was that their willingness had changed. We created a mathematical model called the Real Estate Mood-o-Meter™. The Mood-o-Meter accurately projects into the future the likelihood of the California buyer to pay a certain payment. We know, for instance, that at peak markets foreclosures are way down and all recent memories of real estate are pleasant experiences. Armed with confidence, the next buyer pays 55% of their income to buy their next house. All we have to do is project the future income of the California household, predict the interest rate, and *voila!* You know how high the future real estate prices will go.

In 2006, we had a unique situation. Because of the lax lending policies, the market didn't peak at the usual 55% of the buyer's gross income. Instead, it peaked at 63%. This was made possible by the "stated income" loan programs. Lenders would never have knowingly put people into loans that took 63% of their gross income to make the payment. However, in 2006, that is exactly what happened; we set the all-time high payment to income ratio as a group.

Now, just three years later in 2009, another interesting trend has emerged. We have come from the ridiculously high 63% to an all-time low of 21%. *Never before has the payment of the median priced California home taken only 21% of household income.* With the help of low interest rates, the payment for the median priced California home is about 1/3 of what it was just three years ago! That is astonishing! Yet, more people would have been willing to buy a property in 2006 than they are now.

“Animal Spirits” have to be considered when making investments. Whenever confidence gets too high, we can expect a bubble in that category of investing. We’ve all seen it. Real Estate in 2006, stocks in 2000, oil in 2008, silver in the 80s. Each and every time “Animal Spirits” drove the investment far beyond its rational price range. The great part about “Animal Spirits” is that we can count on the group making investments to over do it every time! You can literally set your watch by it.

These same “Animal Spirits” overreact on the downside as well. In 2009, we are able to buy a California house for about 1/3 the payment it took to buy the *same house* in 2006.

The “group” is telling you to “stay away from real estate.” But the charts tell *me* it is the greatest buying opportunity in our lifetime. That is why I can be such a confident contrarian. I understand the California “Animal Spirit” cycle and Californians have over reacted (with an assist from the financial world) and created the all time bargain basement price for California houses. We have never seen anything like this before. Truly, it is one of the most fantastic opportunities I have ever witnessed in my lifetime.

HOW TO BECOME FINANCIALLY FREE WITHIN 5 YEARS IN THIS MARKET



WRITTEN BY:

MIKE CANTU

INVESTOR AND AUTHOR OF UPCOMING
RENTAL PROPERTIES & MANAGEMENT
COURSE JUL. 25TH

Over 27 years ago, when I first got into real estate, my goal was to become financially free as soon as possible. All I ever wanted was enough income monthly to live life on my terms. Income I could count on. That’s the dream I started with. One major problem - I had no money.

I decided to become a real estate entrepreneur so that I could become the investor I wanted to be. Lots of houses were bought and sold (some retail, most wholesale) to generate the money to fix up the rental houses. The game plan was to keep the best located houses and sell the rest. The plan has always worked for me. It’s the same plan Jordan (my daughter) and I are working right now.

You can make a lot of money buying and selling houses. I watched some of the best do it throughout the early and mid 2000s. They made a ton of money. Lots and lots of those people are broke today. Broke and out of the game. A lot of them put the money into an upgraded lifestyle and lots of consumer stuff.

My plan has always been to take the buy-sell money and put it into the acquisition of rental houses, then use the money to pay down and then then pay off the mortgages. It’s not nearly as fun as a whopper lifestyle, but it makes a lot more economic sense.

Looking back, if I had it to do over again, I’d do the same thing! Maybe even more of it. It’s the cash flow I’m after. Every 30 days a new boatload of cash arrives like clockwork. A new boatload of cash arrives every 30 days -- like clockwork! On any given day I can tell you how many days until the first of the month. I love the first, its payday!

Right now may be the only time we'll ever have the chance for the big 'do over'! To get a rental house portfolio together that cash flows going out of the gate. The deals are out there, and the time is right, it just takes a game plan, lots of action, a burning desire to succeed, and the education to pull it all together.

Over the years I've made a point to ask the most successful long-term real estate people I've met, what's the one thing that accounts for your massive success? Was it negotiation skills, some secret formula, or an acquisition technique? Not the case! Without exception, the answer has always been management. Learning to manage rental properties properly can give you true financial freedom in a very short time. Do it wrong, and you'll probably quit the business disgusted and broke.

In order to truly take full advantage of this market, it's got to be a long-term play. Long-term deals require management skills and education. There's no way around it. Learn management. Hang in there, and I'll see you in the promised land! Good luck. Hope to see you July 25th at my class.



GORILLA BUYING SHOTGUN STYLE – SIX OFFERS, THREE DEALS



WRITTEN BY:

TONY ALVAREZ
THE REO MENTOR

WWW.THEREOMENTOR.COM

A few months ago I was fishing in Smith River (Northern California) when my assistant Sabrina called to remind me to be ready at 7 PM because she would be attending the Hudson & Marshall Auction in the Antelope Valley. We were interested in bidding on a few properties.

Sabrina arrived at the auction and called my cell phone so I could participate telephonically. One of the properties I was interested in came up for auction. We waited to see if anyone was going to bid besides us, and sure enough, the bidding started. Within a matter of seconds, the bid went from zero to \$40,000.00.

I knew I wanted that house! And I was yelling on the

phone to Sabrina to bid. "Go to \$41,000.00." All I could hear was a noise, and Sabrina saying, "What did you say?" I kept yelling louder and louder as the reception on my phone started to go sideways. My level of frustration and my blood pressure shot through the roof.

Finally, there was silence. I was yelling, "Did we get it? Did we get it? Did we win the bid?" Then I heard back from Sabrina, "No, did you want me to bid? Some guy got it for \$40,000.00." At that point my head exploded, I fired her immediately and slammed my phone down on the desk hoping it would shatter into a million pieces. Nothing makes me crazier than losing a deal.

The rest of the evening was a disaster. I obsessed all night about the fact that I had lost that deal.

But all was not lost. Maybe the guy wouldn't close, maybe he would cancel. Maybe the seller would renegotiate because he did not get a high enough offer. Maybe, maybe, maybe. I finally got to sleep around 4 AM. When

I finally got up at 8 AM, I drove for 11 hours straight to 16th Street where that property is located.

As I sat in front of the house making myself crazy about the fact that I did not get this deal, I could not help but notice that there were six other similar houses (some of them in even better condition) for sale *right on the same street*. After writing down all of the information on each of those houses, I went back to my office to put together what I call Gorilla Buying Shotgun Style. It is not a very sophisticated method, but it does tend to get good results.

Here's the skinny on it. I created a Letter of Intent (short and simple), which included the property address, the offer price (\$40,000.00), and all of the usual investor terms created to remove the Seller's objections. I also included pictures of the front of each of the properties along with a brief description emphasizing the obvious inferior condition of each house.

To sweeten it even more, I included a copy of the deposit check for the full amount of the purchase price *and* attached to my check a copy of my bank statement with the same account number as the deposit check showing sufficient funds to easily cover the amount listed on the offer.

I included a cover letter to explain the that the first property had recently sold at auction for \$40,000.00, which established a new market value for all of these similar properties. I also informed them that I submitted a similar Letter of Intent (LOI) to each of the six

competing properties listed for sale on the same street.

The end result of this exercise: Two of the six offers were accepted. The first, a three bedroom, one bath, was acquired for \$46,500.00. It is currently a pending sale at \$100,000.00, with an estimated net profit of \$20,688.89. The second, a three bedroom, two bath, was acquired for \$42,250.00. It sold on June 30, 2009 for \$105,000.00 with a net profit of \$24,331.10.

There's more and it gets better. I acquired a third property in a similar, nearby neighborhood from the agent who represented one of the sellers who rejected my offer. Even though her client did not accept my offer, she liked my presentation and informed me of a new listing before it went to the MLS. I acquired this three bedroom, two bath home for \$45,000.00. It is in escrow for \$99,000.00 with an estimated net profit of \$24,059.09.

And here's the best part! Remember the property that I thought sold at auction? The one that got me crazy and off my butt to make all these offers? Well, it was sold for \$52,500.00 four months later. Also, aside from the two properties that I bought on that street, all of the other properties have not been sold. They have not been rehabbed, rented, or relisted for sale.

When I tell you that everything on the performance side of this business is about speed and accuracy, you had better believe it.

So what's the moral of the story?

REO Training with Tony

Join Tony for an all day training July 11th as he shares inside information about how he is making money TODAY successfully investing in California REOs.

New and experienced investors are all welcome. Space is limited.

LA Meeting and Event Center
10601 W. Washington Blvd.
Los Angeles, CA 90232

July 11th
7:30 Registration
8:00am-4:00pm

Register at: www.theREOMentor.com

Losing a deal can turn out to be a good thing.

Since we started actively making offers in August, 2008, we have purchased 30 properties of which we have sold three. We kept the remaining 27 properties as rentals. The monthly gross rental income is \$30,328.00 with a net of \$21,229.60. The average purchase price per property is \$61,960.00; the average monthly net income is \$786.28.

Yeah I know, 1 out of every 4 escrows is falling apart, and let's not forget the new restrictive appraisal regulations HVCC, the FHA 90-day seasoning requirement, FNMA's restrictive polices on lending to investors, and on and on and on...

Regardless of the chatter we will endeavor to persevere.

Presently, we are purchasing an average of three to four properties per month. We will continue to keep at least two per month as rentals until we hit fifty properties at which time we will reduce our keepers to one per month.

It's good to be a real estate investor these days.

My best to all of you and as always, a big hug with deep affection for Bruce, Aaron, Greg, and all at the Norris Group family as they continue their unwavering commitment to keep a watchful eye from the tower for all our benefit. And hey who loves ya baby?

BUY A POSTPONEMENT?



WRITTEN BY:

DEREK WALKINGTON

INVESTOR AND REALTOR

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What are these wacky lenders up to now? Short sales have long been delightfully unpredictable as lenders appear to be making up their own rules as they go. Each time it appears the lenders are finally coming around to the benefits of a resolution without having to take a property back at a trustee sale, they turn a corner and baffle me with their procedures yet again. But this month I have seen multiple examples of something I hope is not becoming a new trend or tactic. I have named this latest phenomenon, "Buy a Postponement."

Starting in June, I have had my short sale negotiations come to a grinding halt as the lenders (all different) have asked for a "contribution" from the seller (borrower) before giving us a postponement of the trustee sale in order to complete the short sale. In each case, I have had a bona fide offer submitted, a "complete" package in, and was anticipating a successful close when the lender unexpectedly inserts a new demand as we approach the trustee sale deadline.

In the past, the lenders have had no problem giving us a 30-day postponement as long as we had all of our documentation submitted and had an offer that met the lender's net requirements.

In one specific example, we had an offer of \$255,000 on the table. The negotiator said that the BPO came in at \$250,000 and he would send us written approval so we could open escrow.

The trustee sale was one week away, so I asked if we could please get a postponement so we can have ample time to close the escrow. They responded that they would, but they needed a "contribution" of \$25,000 from the borrower before they would postpone the trustee sale and would allow a short sale resolution. Keep in mind that this is a 1st trust deed only!

I told the negotiator that the seller did not have \$25,000, and the lender said they could sign a 5-year promissory note. However, the note had to be signed before a postponement would be granted. This amount was not to be included in the HUD statement, nor would they allow it to be added to the purchase price, nor paid by the buyer. I wonder what The National Association of Realtors would say about an additional \$25,000 added to

the deal that the agent doesn't get paid commission on?

This was the most extreme example, but it follows the same pattern as the others. Another lender wanted \$4,000 to grant a postponement, and he told me it was the note holder's new policy. I was told it was not negotiable, and there was no way for the servicer to override the note holder's requirements to waive the fee. Either pay or the property goes to trustee sale, which is what happened. So it isn't just a bluff.

As I asked the respective loss mitigation departments why they were penalizing the borrower and making them pay for a short sale, the only answer I got was "if the borrower doesn't want a foreclosure on their record, they need to be willing to come to the table with a contribution to the enormous loss we are taking." I told them that we already made a "contribution" to the Susan G. Komen Foundation and that we would pass on this one.

Most of the Notice of Default period in each of these cases was eaten up by loan modification negotiations, which the lenders required prior to looking at a short sale. When the borrower was finally rejected for a loan modification, it left little time for the borrower to try a short sale before the trustee sale deadline.

I can't help wondering if the lenders are perhaps a little resentful of all of the government intervention in their loss mitigation programs. Heavily pressured to comply with loan modification requirements, maybe they feel they have tried a "pre-foreclosure resolution" and now just want the property back. Maybe they are taking such a beating that they are trying to see if borrowers are willing to cough up some extra dough to contribute to the loss. Maybe they actually think that their new "buy a postponement plan" will work. Or maybe it is just another example of these loony lenders making it up as they go.

2009-2010 STRATEGY UPDATE



WRITTEN BY:

MIKE CANTU

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COURSE JUL. 25TH

Buy - Sell Business – Retail

I've cut my buy/sell business way back in the last few years. Right now I'm comfortable with 1 to 3 retail houses going. I've intentionally put the brakes on my conveyor belt and slowed down my transactions.

Part of my retail criteria is this: If I can't sell it retail for my price, I've gotta be excited about keeping it as a rental house. The last three retail sale closings have been a little strange. Rather than being all excited, there was a bit of seller's remorse for getting rid of a good house that met my keeper criteria. I've gotta operate that way in this

market so I don't get stuck with inventory I can't sell *and* don't want to rent.

Buy – Sell Business – Wholesale

I'll always be a wholesaler. The game has really changed, but it's still my favorite way to get a quick paycheck. Wholesaling is very much alive and well in this market. I still wholesale most of the houses I buy (over 75%)

Buy – Keep Business – Rentals

Right now is the best time I think I've ever seen to get a portfolio of rental houses together. Rents are way up and prices are way down. It's possible to get very nice positive cash flow using 12% money. I'm aggressively going after good houses to keep as rentals. I've kept 3 so far this year and would like to keep 4 to 6 more. I'd like to keep and build up to 6 to 10 more next year.

I'm being very selective about what I'm keeping. No problem locations! Remember, you can't solve a location problem. No problem structures! I don't want to get bogged down with a bunch of money sucking problem rehabs. Here's my criteria: Good solid structures only in very good locations. There's lots of inventory available, you just have to sift and sort and find the stuff that meets your criteria. It's out there.

My 20-year-old daughter Jordan is a young real estate businesswoman. She is putting together a rental house portfolio as well. We sat down, discussed the market, and targeted two well-defined neighborhoods for her to start acquiring properties. She's kept two as rentals so far. Both

in the same neighborhood: very nice, well maintained, tree-lined streets with a lot of pride of ownership.

Using private 12% money, these two houses cash slow very nicely. She's off and running on a five-year plan to become financially free. Now is definitely the time to get and keep some houses.

The key to making all this work over the long haul is educating yourself to become a good property manager. Looking back, the education is what got me to the point I'm at today. Learn management. Create the life you want to live.

LONG-TERM FINANCING FOR INVESTORS BY BRUCE NORRIS

There was a market very similar to this in the 1990s. Most of the deals were being purchased from lenders either through the auctions or through the MLS. The main difference I see this time around are the incredible losses being taken by lenders on each and every property we buy. The losses are almost always \$250,000 a house! That's an astonishing number when you consider how many properties are in some stage of foreclosure in California (some 240,000). If every loss were \$250,000, that would be \$60,000 million or \$60,000,000,000 (sixty billion of losses in just California alone).

According to Foreclosure Radar, there are 900,000 California families who have stopped making their payments. Is there any wonder why the government is trying so desperately to solve the foreclosure problem by any means other than the lender taking yet another property back?

What will the remainder of 2009 look like for people in the real estate buy/sell business? My best guess is the floodgates will be allowed to open and properties will be purchased for ridiculous prices. The only way this doesn't happen is a federal moratorium. You just can't

Change to Hard Money

The Norris Group is proud to announce that as of July 1st, direct deposit is available on all hard money loans.

Setting up direct deposit will be easy and save the hassle of writing monthly checks. This secure, automated system will allow us to serve investors and private money sources better and faster.

We look forward to working with you in 2009!



postpone the inevitable. Too many owners are hopelessly behind in both payments and equity position.

This will create a very unusual opportunity to buy and hold California real estate as rental property for positive cash flow. The problem won't be a shortage of deals, the problem will be how to get financing.

Over the past month, I've spent time in New York City and San Francisco with dozens of hedge funds who control hundreds of billions of dollars. I took the time to make these trips attempting to find financing so that investors could buy and hold all of these properties.

What I discovered is that hedge funds aren't interested in providing financing for California investors. The return isn't as great as other opportunities they have. So we will have to look elsewhere for the solution.

In the next several months and possibly into 2010, there's a good chance I will do less and less speaking. The Norris Group is going to put the full court press on the permanent financing issue. Our goal is to have a program in place to provide seven year financing at 9.9% interest by the end of the year.

Although the program might change a little, here's how I think it will work.

The loan will be for seven years at 9.9% interest. The payments will be interest only and will carry a prepayment penalty of 6 months interest if paid off within three years. The loan-to-value will be at 65% of the after-repaired value. The loan will only be available for refinancing properties that are currently owned and rented.

We don't want to get into a problem with funding this new program into purchases. There are two main reasons for this. One, there has to be a reason for the trust deed investor to want only a 9.9% interest trust deed. The best way I know to attract them is to a higher level of

inventory and a lower level of risk.

If an investor has already repaired the property and has it rented, then this property presents less risk to the trust deed investor. This will allow us to approach new money sources with actual photos of properties currently available for the new program.

The second reason is that I don't want any disappointments. I'm sure we can accomplish the funding of this new program but it will take time and effort. With a refinance, we have the luxury of time we wouldn't have in a purchase.

If you currently have properties that are repaired and rented and would like to refinance, we would like to hear from you. We will begin presenting these already repaired properties to trust deed investors and begin to acclimate them to the 9.9% program.

If you will be patient and give us some time, we will solve the financing problem for at least the clients of The Norris Group.



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- San Jose Real Estate Investor Association
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THANK YOU

DON'T FALL IN LOVE, ETC.



WRITTEN BY:

MATT LE VESQUE

CONSTRUCTION ZONE RADIO
 CERTIFIED GRADUATE REMODELER,
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“Don’t fall in love...she’ll (he’ll) break your heart”, is advise everyone has heard. If you haven’t, let me be the wise sage. If you have, let me repeat it, DON’T FALL IN LOVE.

Only, I’m not talking about relationships, I’m talking about houses....cement, wood, windows, roofs, and lawns. Believe me, if you do, they won’t just break your heart, chances are, they’ll break your bank too.

In this market you can’t afford to use words like cute and darling. You have to think with your head....see the bad and the good. Be realistic, wake up and smell the coffee. Take a “friend” with you to meet your new “love,” get another opinion. You have to look around the neighborhood they “live” in. If your looking for “Mr. Right” in the wrong place, chances are, you’ll find him. You’ll find him and you’ll regret it! No more lookin’ for love in all the wrong places.

“Don’t fall in love with the first guy (girl) you meet”... another piece of wisdom passed on from parent to child. Again, I don’t care if you marry your kindergarten sweetheart, just don’t buy a house without checking the dance floor, err, market. “There are plenty of fish in the sea”....especially in this market. Take your time, look around, play the field!

“Beauty is only skin deep.” Need I say more, yes...“ugly goes all the way to the bone”!

Once again, have a very close look. This time, take a close look with an inspection company (www.wini.com).



Check the “bones” and get past the beauty.

So, how do you avoid the pitfalls of a “bad relationship?” Make a list! Make a list of all the things you’re looking for, all the places you would be willing to look for the perfect match, and when you find it...all the things you can fix....before you “move on.”

You’ll have the satisfaction of experiencing a fulfilling relationship. You’ll leave the relationship knowing each of you is “in a better place emotionally.” You’ll mature your sense of what you want in a healthy giving relationship. Yes, I’m still talking about a house.

If you find the relationship isn’t working and you need to bring in a counselor...someone to help you see the obvious and help you fix it, give me a call. Sometimes you need a third party to get you through a rough spot.

ASK MIKE CANTU!

The following are questions submitted by readers. Thank you Mike for taking the time to answer some of the most commonly asked questions regarding property management. If you have a question you'd like to ask, please submit it to aaron@TheNorrisGroup.com with "Investor: Ask Bruce" in the subject line.

Isn't managing 40+ houses more than a fulltime job?

Actually, it's much, much less than a part time job if set up correctly. I still average about 2 hours per week dealing with the rental houses.

Don't your tenants call all the time at odd hours with ridiculous requests?

No. The only phone number my tenants have for me is a line in my office for tenant calls. If they call after hours, I'll deal with the call the next day. As far as the ridiculous requests go, I get very few of those. That's one of the things discussed in the one hour 'meeting of the minds' prior to occupancy. In the event I do get that call, I usually remind them of the past conversation in which it was discussed.

What do you do when a tenant doesn't have the rent money and has a long-winded, heartbreaking story?

Prior to occupancy, one of the questions I ask my new tenants is 'what excuse would you accept from your employer for not getting paid this month?' I then explain my list is going to be very similar. In the event they do try that excuse, I remind them that's not on the list of acceptable reasons that was already discussed and

promptly hand them a 3-day notice to pay or quit. I usually will explain there's a mortgage payment that has to be made and without the rent, that's going to be a problem. I always do this in a very diplomatic, unsarcastic way.

Do your tenants every test you by pushing to see what they can get away with?

It's human nature to push the limits to see what you can get away with. I treat a new tenant as if they are on probation the first year. I explain that to them prior to occupancy. The first year is all about sticking to the written word of the rental agreement. I'll serve a 3-day notice to pay or quit on the 2nd day after the rent is due. If the first year comes and goes without a major incident, I'll soften up a little. Once we get several years into a relationship, and things have gone well, I'll bend over backwards to make things work as long as I feel I'm not being taken advantage of.

Don't your tenants drive you crazy?

No. Early on that was a problem. Doing this full-time for over 27 years, I figured out what it takes to run the rentals like a business, in a businesslike manner. If a tenant becomes management intensive, I'll write a short letter, then possibly follow up with a phone call. If it's still a problem, it's back to the 'people store' for a new tenant.

California "Only" Investor Intensive

Join Bruce Norris as he walks you through how the Norris Group is finding wholesale deals in California today. Bruce teaches from his *California "Only" Investor Series*. Register online at:

www.TheNorrisGroup.com
or call 951-780-5856



**August 29th in
Orange, CA
Hosted by:**



THE NORRIS GROUP CALENDAR



= TNG LIVE EVENT



= SPECIAL ALL DAY TRAINING

July 15 th	Six Proven Steps to Become a Real Estate Multi-Millionaire... in the Next 24 Months - investClub for Women	South Coast Cultural Center 9 Truman, Irvine, CA 92620	Open
July 25 th	Rental Properties and Management by Mike Cantu	Cal Baptist University Riverside, CA	Open
July 28 th	Six Proven Steps to Become a Real Estate Multi-Millionaire... in the Next 24 Months - Inland Empire Investors Forum	Eagle Glen Golf Club 1800 Eagle Glen Parkway Corona, CA 92883	Open
July 28 th -30 th	TNG REO Boot Camp	Riverside, CA	Please Call
Aug 20 th	Six Proven Steps to Become a Real Estate Multi-Millionaire... in the Next 24 Months - Apartment Owners Association	Holiday Inn Buena Park 7000 Beach Blvd. in Buena Park, CA	Open
Aug 26 th	Six Proven Steps to Become a Real Estate Multi-Millionaire... in the Next 24 Months - Investors Workshops	Double Tree Orange, CA	Open
Aug 29 th	California Only Investor Intensive - Investors Workshops and investClub for Women. Register at thenorrisgroup.com	Doubletree Hotel Anaheim/Orange County 100 The City Drive Orange CA 92868-3204	Open
Sep 11 th	I Survived Real Estate 2009	Nixon Library Yorba Linda, CA	Open
Sep 15 th -17 th	TNG REO Boot Camp	Riverside, CA	Please Call
Oct 1 st	Six Proven Steps to Become a Real Estate Multi-Millionaire... in the Next 24 Months - SJREI	Biltmore Hotel 2151 Laurelwood Road Santa Clara, CA 95054	Open
Oct 3 rd	California Only Investor Intensive - for San Jose Real Estate Investors Assoc.	TBD, see sjrei.net	Open

HARD MONEY LOANS CHANGE!

The Norris Group now offers direct deposit! As of July 1st, all investors will be asked to use this direct deposit system. This allows the Norris Group to better serve our clients on the investor and private money side.

Term of Loan: 1 Year
Interest Rate: 12.5%
Prepayment Penalty: None
Loan to Value: 65%
3.5 Points

Since 1997, investors just like you have borrowed over \$130 million dollars. Those funded deals have resulted in millions of dollars of profits for our clients. We look forward to working with you.



Phone: (951)780-5856
 Fax: (951)780-9827
www.TheNorrisGroup.com

THE NORRIS GROUP PRESENTS:

RENTAL PROPERTIES & MANAGEMENT

July 25th, 2009

Riverside, CA

By Mike Cantu



Flipping Properties Can Create Millionaires... But Buying and Holding Creates Multi-Millionaires.

FACT: The most radical transfer of wealth is happening...right now. The greatest shift we'll ever see in our lifetime.

FACT: Some California cities are producing deals that cash flow...today!

FACT: Only a few select real estate insiders can and will seize this unbelievable investing opportunity.

The Norris Group has joined forces with Mike Cantu, one of Southern California's most knowledgeable and respected real estate investors and rental property experts, to bring you this special one-day seminar. On July 25th, Mike Cantu will share with an intimate audience his rental property strategies and property management secrets. You cannot leverage this opportunity without this information.

Give us one day, and we'll change your profit margin in 2009.

What do you think you can learn from someone with over 25 years as an investor under his belt...and over 1,000 real estate transactions?

- The rental house concept A-Z
- America's blue light special: Understand the California market
- How to Select the right property
- Getting the house rent ready
- Setting the rent amount & terms
- Deadbeat tenants cost money. Learn tenant screening & selection
- Forms & paperwork
- Rules, collections, and enforcement
- Evictions, legal protection and processing
- Time to raise the rent: How to make the un-agreeable agreeable
- Maintenance & repairs
- Hiring the perfect property manager
- Long term game plans & strategies
- War stories: Learn what to watch out for
- And much more!

The fact is this: Those sitting on the sidelines this time will probably stay there. Action plus knowledge generates financial freedom. The Norris Group is committed to providing California real estate investors with the education and resources they need to succeed and compete in the next California Gold Rush. Space is limited.

DATE:

July 25th, 2009

TIME:

Registration: 9:00am

Event: 9:30am-5pm

LOCATION:

Cal Baptist University

8432 Magnolia Ave

Riverside, CA 92504

To Register:

Register at

thenorrisgroup.com

**Early Bird Price
Until July 21st**

\$497 per person

\$597 after July 21st

thenorrisgroup.com

or

951-780-5856

I SURVIVED 2009 REAL ESTATE



A Powerhouse Lineup of Eight Top Industry Experts Presents the Insider's Edge on The State of Real Estate 2009

The Norris Group's award-winning event returns September 11, 2009 to the Nixon Library in Yorba Linda, California. In this critical, final quarter, we've assembled a Gold Star panel of accomplished industry specialists to discuss the impact of seismic economic shifts, head-scratching regulations, challenging legislation, micro and macro industry reforms, and the accelerated pace of opportunities emerging for real estate professionals.

New guidelines affect every sector of our industry, from novice investors to veteran builders to REO Realtors. In a climate ripe for both miscalculation and profitable advances, how are our colleagues and partners navigating an industry in transition? This timely symposium gathers a Who's Who Round Table Including:



Bruce Norris
President
The Norris Group



David Kittle
2009 President
Mortgage Brokers Association



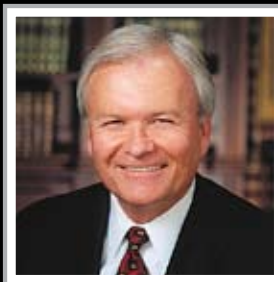
Pat Vredevoogd Combs
2007 President
National Association of Realtors



Tommy Williams
2008 President
National Auctioneers Association



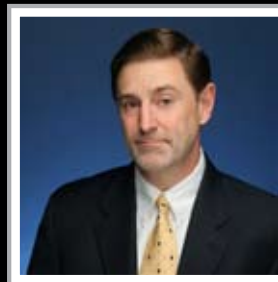
Christopher Thornberg
Principal
Beacon Economics



Robert Rivinius
CEO
California Builders Industry Association



Joseph Magdziarz
Vice President
Appraisal Institute



Rick Sharga
Vice President
RealtyTrac

Last year we covered the dramatic shifts in store for the real estate community in 2009. The response was enormous, beyond our expectations. Now we're here, living through the forecasts and predictions, in the midst of an evolving market primed for motivated professionals to thrive.

To find out how you can participate as an individual or potential sponsor, see the back of this flyer or visit ISurvived2009.com for more information. Seating to this formal dinner event is limited so go to the website or call our office today.

Thanks you to all our Platinum and Gold Sponsors and friends for making this unique event a possibility.

www.ISurvived2009.com or 951-780-5856



Gold Sponsors

1-m-1 Properties
 Appraisal Institute of Southern California
 Delmae Properties
 Elite Auctions
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 Las Brisas Escrow
 Los Angeles Meeting and Event Center
 Mike Cantu
 Mortgage Equity Group

North San Diego Real Estate Investors Association
 Northern California Real Estate Investors Association (NORCALREIA)
 Real Wealth Network
 Realty 411 Magazine
 San Jose Real Estate Investor Association
 Tony Alvarez
 Westin South Coast Plaza
 Women's Council of Realtors Inland Valley Chapter

SPONSORSHIP OPPORTUNITIES

We can't do this without your help! Businesses or individuals who are interested in participating have two options:

- SPONSOR** the "I Survived Real Estate" Komen Breast Cancer Walking Team in exchange for a seat (or table) at the event
- JOIN** the "I Survived Real Estate" Komen Walking Team and raise money in your network for the walk in Newport Beach September 27th. Every \$200 gets you one seat to the event (while seats remain).

All donations are made directly to our Susan G. Komen Breast Cancer Walk Team so 100% of the proceeds go to the Orange County Affiliate of Susan G. Komen for the Cure.

This formal dinner event includes visitation to the Nixon Museum, appetizers, 3 course meal, and the live event. Additional benefits are listed below for those that become platinum and gold sponsors

	Single	Gold	Platinum
Cost	\$200	\$2,000	\$5,000+
Tables (Seats) Received	(1) Seat	1 (10)	2 (20)
Advertising			
Logo on Event Web Site		•	featured
Profile on Event Web Site		•	•
Logo on Flyers		•	•
Digital Signage at Event		•	featured
Preferred Seating		•	•
Event Program Ad		1/3 page	1/2 page
Radio Show Mention (Intro - 15 total*)			•
Radio Show Mention (Outtro - 15 total*)		•	
Event Video (Intro - Single Page)			•
Event Video (Outtro)		•	
Press Release Mention			•



Call Diana Barlet at 951-780-5856 or visit

ISurvived2009.com for more information and preferred seating.

*Note: All donations must be made through the "I Survived Real Estate 2009" walk team to be eligible for advertising. July 1st was the deadline for all money to be in place to ensure radio spots. The Norris Group will in late August re-tape the intro to include any new sponsors.