

Increase Sales With Bonds

**HOW TO USE BONDS TO SELL
HOME HOMES, GENERATE LEADS,
SECURE FREE PUBLICITY AND
GET PROSPECTS OFF THE DAMN
FENCE**

By Rob Minton

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Foreword

I'm tired of licking my real estate wounds.

Over the last few years, I've watched a significant amount of wealth disappear because of the real estate market crash.

Sadly, there wasn't anything I could do. I was forced to suffer the losses, lick my losses and learn some valuable lessons. All of which, I've done.

Maybe you're in a similar situation. Or maybe you're thinking of buying real estate now and what to protect yourself from loss.

Either way, you'll find the ideas in this report to be very powerful. However, I want to warn you in advance that you'll probably think it won't work.

- You'll have to fight this way of thinking.
- You'll have to think outside the box.
- You'll have to be willing to do something different.

If you're willing to be different, I have a bold promise for you:

The ideas outlined in this report will you set yourself apart from your competition, get free publicity, generate more leads and close more sales.

Now you can't have these results doing the same thing you've always done, right?

This report is broken into 3 basic sections. These sections are:

1. How to use bonds to get listings and close buyer sales. (This includes getting free publicity)
2. How to use bonds to help close more investor sales and help investors recover from the market crash.
3. How to find bonds you can use with the ideas detailed in this report.

Even if you don't work with investors, I strongly encourage you to read through this section. I think you'll find it to be very, very powerful. In fact, you might consider using one or two of the ideas yourself. I certainly hope you do.

Let's get to it...

Old Becomes New

As you probably know, I read a lot. This is because I firmly believe that one good book can turn into money in your bank account. Over the years, I've used ideas found in books to triple my home sales, find profitable investments, create new side businesses, and more.

Sadly, there aren't many "new" books about real estate and how to increase sales in this horrible real estate market.

The only option remaining is to go back in time and read books written around similar real estate market conditions. The most recent real estate crash was in the 1980s.

I started searching for books written in the 1980s and was looking for innovative ideas that might be applied in today's market. This is when I stumbled across a fantastic book written by Albert Lowry and Richard Powelson. It's for real estate investors and it's titled, "*Formulas for Wealth.*" You should be able to find used copies on Amazon.com.

The last section in this book is about how to use bonds with real estate and it's got some great ideas that you should consider right now for your business. The subject of "bonds" can get a little complex, so I'm going to try and streamline it a little for us. Sound good?

The authors of this book suggest a specific type of bond – a Zero Coupon Bond:

A Zero Coupon Bond is a bond a bond that is issued at a deep discount from its value at maturity and pays no interest during the life of the bond and matures to its face value.

As an example, you could purchase bonds today for \$5,084 that would pay back \$50,000 in the year 2048.

The real benefit of Zero Coupon Bonds is that they **can be purchased at substantial discount**. As the authors have pointed out, this is very powerful when combined with real estate.

Consider the following advertisement from their book:

BUY MY PROPERTY; GET BACK YOUR PURCHASE PRICE-TAX FREE!!!

That's right! Whatever the purchase price of your home, you'll get it back TAX-FREE! And, even better, when your bond matures, you won't have to pay taxes on that amount. It's all yours to use as a trust fund for your children, fun money for a vacation, or even as retirement security. In addition, you don't have to wait until the bond matures to cash in on it. From the day it's issued to you, it's completely liquid and accessible.

This advertisement was written for an investor that was having trouble selling his own property. His plan was to use part of the proceeds from the sale to buy Zero Coupon Bonds for the buyer. The bonds would be purchased at a significant discount and would mature 20 or 30 years down the road.

Here's the **Money-Back Program** suggested in the book, "Formulas for Wealth":

- o Whatever the purchase price, you will get it back tax-free.
- o If you sell your home, the bonds stay with you.
- o The bond matures in 30 years.
- o If you desire to sell your bond before it matures:
 - o The value of the bond before maturity is determined by the market at the time of sale.
 - o If the homeowner decides to sell the bond in fifteen years (to use for education or anything at all) the approximate value of the bond would be ADD ESTIMATE
- o At maturity, the bonds will be worth the original cost of the home or greater.
- o A reputable stock brokerage firm will issue the bonds.

- o When sold at maturity, these bonds are tax-free because they are municipal bonds. In the event the bonds are sold prior to maturity, there may be some tax due if the market value is greater than the face value of the bond. The difference between the face value and market value will be taxes as capital gains.
- o Call back. There is a possibility that the municipality might call the bonds back prior to maturity. If they do so, the bonds will be bought at face value at the time of the call plus a premium. This is a rarity, but it could happen.

We can do the same thing for our listings.

**Buy This Home & Get Your
Purchase Price Back
IN FULL!**

Do you think an offer like this would help sell more homes?

Would you buy a home today, if you'd get the full purchase price back in 30 years, plus have a free and clear home?

If you answered, "Yes", you can probably feel how powerful an offer like this might be for your business.

All you would need to do is have the seller buy Zero Coupon Bonds at closing that would **eventually** mature to the sales price of the home.

In a recent search for bonds online, I found these bonds:



Please verify that your BUY order is correct:

Order Type:	BUY	<table border="1"> <tr> <th colspan="2">MIAMI-DADE CNTY FLA SPL O</th> </tr> <tr> <td>Price:</td> <td>15.231</td> </tr> <tr> <td>Yield:</td> <td>6.128</td> </tr> </table>	MIAMI-DADE CNTY FLA SPL O		Price:	15.231	Yield:	6.128
MIAMI-DADE CNTY FLA SPL O								
Price:	15.231							
Yield:	6.128							
Execution Type:	FIRM (Fill or Kill) ?							
Face Value:	\$200,000.00							
CUSIP:	59333NNL3							
Product Type:	Municipal							
Issue:	Miami-Dade Cnty Fla Spl O Material Events Trade History							
Coupon:	0%							
Maturity:	10/01/2041							
Rating (Moody's/S&P):	A2/A+							
Settlement:	09/07/2010							
Principal:	\$30,462.00							
Accrued Interest:	\$0.00 (0 days)							
<hr/>								
Commission:	\$200.00							
Net Money:	\$30,662.00							

These bonds would cost the seller \$30,662 and would mature to \$200,000 on 10/01/2041.

The seller could use \$30,662 of their sales proceeds and buy these Zero Coupon Bonds for the buyer. These bonds would pay back \$200,000 on 10/01/2041.

Instead of getting your seller to reduce their asking price by \$30,000, have them agree to buy Zero Coupon Bonds. This way, you can run an advertisement like this:

BUY THIS HOME BY SUNDAY AT 8PM AND YOU'LL GET \$200,000.

GET \$200,000 FOR BUYING THIS HOME –EXPIRES SUNDAY AT 8PM

The basic idea is to have the seller offer Zero Coupon Bonds as an incentive to get buyers to buy. The more motivated a seller is, the higher the face value of the bonds they could offer. The significant discount in the price of Zero Coupon Bonds makes this idea very attractive in today's real estate market.

Another way to think about this idea is as a guaranteed sale program. You've probably heard of guaranteed sale programs in our industry. In this example, Miami Dade County would be guaranteeing the purchase for the buyer. If bonds are purchased for the buyer at closing, the home's purchase is guaranteed and the buyer wouldn't have to worry about losing money. In fact, they'll stand to make a significant amount of money, because they'll more

than likely have their home paid off by the year 2041. Right when they pay their home off, the bonds will mature and they'll collect an extra \$200,000.

Let this sink in a little. It's BIG.

Would you be worried about the value of your home right now, if you had received \$200,000 of savings bonds when you bought it?

Probably not.

Right now, home prices are significantly lower than they have been for years. Many experts feel that the real estate market has bottomed out and now is the time to buy. In addition, mortgage interest rates are unbelievably low. They're practically giving mortgages away.

Guess what?

Buyers still aren't buying. I'm not a physiologist, but I'd have to think buyers aren't buying, because they're nervous about losing money. Everyone is wondering if home prices are going to drop further? Or are we going to go into a double-dip recession? Most buyers would rather wait and see what happens than take a risk right now. Who can blame them?

Using long-term savings bonds as protection against loss will eliminate this fear and pull buyers into great homes, at great prices with incredible interest rates.

In fact, you should really consider using bonds yourself to hedge against loss. If you own a home and the home's value has dropped, consider buying a long-term Zero Coupon Bond to recoup any amounts lost. Don't just take the loss. Do something now to get your money back.

Okay, let's move on and start marketing this idea so we can turn it into \$\$\$.

How to Get New Listings Using the "Bonds" Idea

You could send this email to your database to get listings for this marketing campaign:

SUBJECT: Home Needed for New Marketing Test

Name,

I've come up with a new way to get buyers to buy homes in this crazy real estate market and need ONE home to use as a special marketing test.

The idea is to offer buyers an extra \$200,000 to buy your home.

Do you think your home would stand out if we offered buyers \$200,000 to buy it? I certainly do!

I know, it sounds crazy, but it's going to work like gangbusters!

And the good news is, I've figured out a great way to do this. If you'd like to have your home considered for this new marketing test, give me a call at YOUR NUMBER.

All I would need is two weeks to run this test. We could setup a special two-week listing agreement and give it a whirl.

Unfortunately, at this point in time, I'm only looking for ONE home to use for this special "test." If you'd like to have your home considered, please give me call at YOUR NUMBER.

I'll consider homes for this "test" on a first come, first served basis.

Hurry,

Your Name

Your Company

This email includes two very powerful marketing strategies. The first strategy is that I've used "take-away selling." By only accepting one home for this test, you'll increase the response rate of this offer. This happens because your prospects will feel urgency to respond to have their home be the ONE home. There's no rule

saying you can't change your test and include more homes! In fact, multiple tests would be even better for you. Maybe you'll end up with 5 homes for this test?

The second strategy embedded into this email is the "two-week listing." By only asking for a two-week listing, you'll be reducing the seller's risk for listing their home with you. I've written many times about offering a test drive of your service to get more listings. This is an excellent example of how to use one in your business. More than likely, you'll drive a lot of traffic to the seller's home with this bond marketing campaign and the seller will keep their home listed with you. Consider this email to your database:

SUBJECT: Get paid \$200,000 to buy this home

Name,

I think my client is off his rocker.

He just told me that if someone buys his home by Sunday night, he'll give the buyer \$200,000 in safe bonds.

Really. He's DEAD serious.

Here's the scoop on his CITY NAME home:

- Bright family room with walk-out patio
- Kitchen with warm fireplace
- Finished basement
- 4 Spacious bedrooms
- Stunning yard
- Asking price \$199,900

If you buy this home by Sunday, you'll get your entire purchase price back in full when the bonds mature. It's like getting your cake and eating it too!

I've setup a mini-open house for Thursday at 6 PM. You can register to attend this open house at: WEBSITE

At the open house, you can walk through his home and I'll fill you in on what he's offering.

Register now at: WEBSITE

See you at the home,

YOUR NAME
YOUR COMPANY

This offer really pushes the “greed” button and will literally pull prospects off the fence. In essence, the bonds are guaranteeing the purchase of this home. Many buyers are hesitant to buy right now because of the market. They don’t want to buy a home and watch it go down in value. An offer to get the purchase price back is an amazing guarantee.

More importantly, I’ve created massive urgency with the Sunday deadline. The majority of buyers today are in no hurry to buy. They’re not worried about losing a home or multiple offers. The big tax credit is history. There is nothing to get them to buy now. They can sit and wait.

Not with this offer. To get \$200,000 in bonds, they’ll have to make an offer now. **The option to wait is eliminated.**

When you write the offer on this home, include this clause:

At title transfer, the seller shall deliver to the buyer Municipal Bonds (Insured A or better) in the face amount of \$200,000 with a maturity date of October 1, 2041.

Notice how this clause doesn’t specifically include the price the seller has to pay to buy the bonds? It only includes the face value of the bonds. *As usual, have this clause reviewed by your attorney or broker.*

In the marketing email to buyers above, I forced anyone interested in the home to visit a website. The website would be a simple website where they could add their name, email and phone number. Anyone who registers for this open house is now a buyer prospect you can work with going forward. In other words, you’d simply build a buyer’s list with this marketing campaign.

If someone attending the open house didn’t like the home listed, you would be able to keep them as clients, because you could show them any home listed for sale and negotiate to have that seller buy bonds for them at closing.

You would simply insert the same clause as above in your offer on any listing. You would probably want to explain to the listing agent that these bonds would only cost around \$30,000 to buy.

You'll also need to prep your buyer that they'll probably have to make a full price offer to get the seller to agree to giving them \$200,000 in bonds.

You could also use this idea with your existing buyer and investor clients, too! Let's say you're showing homes and the buyer or investor finds a home they like, but are hesitant to move forward with an offer. You might say something like this...

Would you move forward with this home, if I could get the seller to pay you an extra \$50,000 down the road?

They would have to answer, "YES" wouldn't they?

Then say the following:

I've been thinking about a new idea I'd like to try. I'm hoping to help you get your dream home and build a little future savings plan at the same time. I'll try and negotiate to have the seller buy bonds with a face value of \$50,000. You'll be able to cash these bonds in down the road for your retirement, your kid's college education or for an RV to travel the country. Now, I'm not sure it will work, but I'd like to give it a try for you. Are you game?

You would then negotiate to have the seller purchase Zero Coupon Bonds for your client as part of the closing of the sale. Here's a bond I found that would work in this scenario:

Order Type:	BUY	<table border="1"> <tr> <th colspan="2">HART-RANSOM UN SCH DIST C</th> </tr> <tr> <td>Price:</td> <td>10.068</td> </tr> <tr> <td>Yield:</td> <td>6.123</td> </tr> </table>	HART-RANSOM UN SCH DIST C		Price:	10.068	Yield:	6.123
HART-RANSOM UN SCH DIST C								
Price:	10.068							
Yield:	6.123							
Execution Type:	FIRM (Fill or Kill) ?							
Face Value:	\$50,000.00							
CUSIP:	416149BW1							
Product Type:	Municipal							
Issue:	Hart-Ransom Un Sch Dist C Bank Qualified Trade History							
Coupon:	0%							
Maturity:	08/01/2048							
Rating (Moody's/S&P):	Nr/A+							
Settlement:	09/07/2010							
Principal:	\$5,034.00							
Accrued Interest:	\$0.00 (0 days)							
Commission:	\$50.00							
Net Money:	\$5,084.00							

These bonds would cost the seller \$5,084 and would mature to \$50,000 on 08/01/2048.

In this example, you'd negotiate to have the seller pay \$5,084 from their sales proceeds to buy these bonds for your buyer client. When you write the offer for them, simply include a clause like this:

Seller to deliver Hartford Ransom Un Sch Dist C bonds with a face value of \$50,000 maturing on 8/01/2048 to buyer at the time of the title transfer.

Hopefully, you can now see how valuable this idea can be to generate sales. You probably noted that the examples included above were for your existing database of prospects and current clients.

Could you use this idea to actually attract new prospects to your business?

Well, yes you could! Consider this advertisement:

Local real estate agent fights back against slow market and offers \$50,000 when you buy a home.

YOUR AREA – YOUR NAME with COMPANY NAME is fed up with the economy and has decided to do something about it. He/She has created a new program for homebuyers that will help them build their retirement plan or save for their kid's college education.

When you buy a home with YOUR NAME before DATE, you'll receive \$50,000 in savings bonds. Imagine what it would be like to buy your dream home at the bottom of the market and get \$50,000 in bonds?

In a recent interview, YOUR NAME, said home sales slowed down dramatically after the \$8,000 buyer tax credit expired, so they decided to create their own special program to help buyers in today's market.

As to be expected, there are some restrictions on this program. The program is only available for the first 7 buyers and you must buy a home by DATE. To be considered for this special homebuyer program, visit WEBSITE or call PHONE NUMBER.

Other Possible Headlines:

- Buy a home in MONTH and get \$50,000 in Savings Bonds
- Local real estate agent adds \$50,000 to your retirement when you buy a home
- How you can receive a \$50,000 guarantee when you buy a home

Newspaper Printing Guidelines:

1. Please the column size be the same size as your normal editorial articles.
2. Please make the font the same size and type of your normal editorial articles.

Believe it or not, you should be able to use this idea to get a ton of free publicity in your area. The idea is to take the position that you're fed up with the real estate market and the government's lack of response. You're taking action (on your own) to make things better.

Consider sending this press release to your local media:

[Date]

FOR IMMEDIATE RELEASE

CONTACT: (Name)
Phone (Phone)

[Name] Fights Back Against the Real Estate Market and Helps Buyers Save For Retirement When They Buy a Home. New Program Provides Home Buyers \$50,000 in Savings Bonds When They Buy a Home in [Area] Name

City, State — (NAME) with (COMPANY NAME) is fighting back against the stalled real estate market with a new program that provides home buyers with \$50,000 in Savings Bonds when they buy a home. These Savings Bonds can be used by the home buyer to supplement their retirement, pay for their children's college education or to buy an RV and travel the country.

“(NAME) has figured out a way to help home buyers create future wealth, buy a home at the bottom of the market and lock in the one of the lowest interest rates in history,” says Robert Minton, Executive Director of the National Home Ownership Resource Network, “Many home buyers are nervous about buying a home these days, because they're not sure where the housing market is headed. (NAME'S) new program allows a home buyer to feel safe buying today, because their guaranteed to get \$50,000 from the Savings Bonds received with their purchase. It's a real miracle to see it in action and (Community) is lucky to have a real estate agent like (Name).”

In a recent interview, (NAME) said, “home sales slowed down dramatically after the \$8,000 buyer tax credit expired. Nothing was happening in our market. Everyone seems to be sitting on their hands hoping things improve someday. I didn't want to wait around for someone else to do something. I wanted to make something happen and decided to create my own program for homebuyers. When one of my clients buys a home, I arrange the purchase so that they'll receive \$50,000 in savings bonds at closing. They'll be able to use these savings bonds down the road to help with their retirement, pay for college, or simply to by an RV and travel the country.”

There are a few restrictions to this new \$50,000 Savings Program. Eligible buyers must by a home through (NAME) and they must purchase before (DATE).

###

Homebuyers can take advantage of the \$50,000 Savings Program, by contacting (NAME) at (phone), or via email at (email).

I would customize this press release and fax it to all of your local newspapers and local TV news stations. It should attract attention and I'll bet you get some great publicity.

How You Can Use Bonds With Investors

You could obviously use the bonds idea to make investment properties more appealing. In fact, bonds might actually work better with investors, because they are buying for profit.

Consider an advertisement like this for one of your listings...

INVESTORS - \$25,000
GUARANTEED ADDITIONAL PROFIT

Great investment property available in Willoughby priced attractively with a motivated seller. Seller will guarantee an **additional \$25,000 of profit by purchasing US Treasury Bonds for buyer**. To see this property, call 123-1234 or visit WEBSITE. Broker.

The investor could purchase your listing and secure all of the profits on the property and would receive an additional \$25,000 down the road when the bonds mature.

The seller would obviously buy Zero Coupon US Treasury Bonds with a face value of \$25,000 at title transfer. \$25,000 of US Treasury Bonds would probably cost around \$7,663 today and they would mature in the year 2040.

If you were working with investors, you could obviously use the same strategy included earlier in this report and simply add a clause to your purchase agreement asking for the seller to buy bonds for your client at closing. You could use this clause to sell any property and wouldn't have to have the listing.

How to Help Your Investors Get Higher Rents

In the book "Formulas for Wealth", the authors share the following example detailing how an investor used bonds to eliminate negative monthly cash flow on an investment property:

His tenants were paying \$800 per month, and he needed \$1,000 per month to come out ahead. He called the tenants in and told

them that if they would sign a three-year lease and pay him \$1,000 per month instead of the \$800 per month, the were presently paying, he would give them a tax-free bonds for \$36,000, which would return all of their rent tax-free.

Is this genius, or what?

This investor increased his cash flow by \$200 a month, \$2,400 a year. This increased the income from this tenant by \$7,200 over the life of the lease. More importantly, he locked in a good tenant for three years. Imagine what would happen if the investor had 20 units and did the same with each unit? Do the math, it's a lot of additional rent.

One of the problems investors (including myself) seem to be having lately is tenant turnover. Could bonds be used to improve rent collection and the length of tenancy? The investor could offer the tenants bonds conditioned upon timely rent payments and the tenant staying the duration of the lease.

RENT MY PROPERTY; GET BACK YOUR RENT BACK IN FULL!!!

That's right! When you rent this home for three years, you'll every penny you pay in rent back in long-term savings bonds. You'll get to stay in a great home and create a long-term savings plan at the same time. You can use the savings bonds for your children's college education, your retirement, or to buy your dream car. Some restrictions apply.

If the property rented at \$1,000 a month, the investor would need to acquire long-term zero coupon bonds with a face value of \$36,000. Above I highlighted Hart Ransom Bonds. An investor could purchase these bonds having a face value of \$36,000 for around \$3,660.

Obviously, the investor would want to add a few restrictions to their lease agreement with this offer. One BIG condition I would include would be:

Tenant must occupy the home and pay each monthly rent payment on time for 36 months, in order to receive the \$36,000 of long-term savings bonds.

The goal of this idea is to give tenants \$36,000 reasons why they should pay on time. What impact do you think this will have on the tenant with regards to their rent? It will have a big impact. They'll think twice about paying late, because they'll lose \$36,000, which is a little more than a \$25 late fee.

Remember, the tenants have no idea that the bonds only cost \$3,660. They'll only be thinking about the \$36,000.

Now, if I were the investor making this offer, I would buy these bonds in my name when the tenant moved into the property. I would use the security deposit received to offset some of the cost of the bonds.

The reason why I would buy these bonds in my name when the tenant moved in is because I want to **create a situation where I can't lose**. If the tenant pays late one time, or defaults on the lease, I get to keep the \$36,000 in bonds. Not too bad.

However, if the tenant pays on time each month for 36 months, I'd simply transfer the bonds into their name. At this point in time, I would have collected 36 on time rent payments. My property would have been occupied for 3 years, saving vacancy related expenses such as paint, carpet, advertising, utilities and mortgage payments.

This scenario creates a win/win for the investor. They reduce vacancies, which create more income, or they get \$36,000 down the road when the bonds mature. Sure they would have to invest \$2,660 out of pocket to buy the bonds (\$3,660 cost of bonds minus \$1,000 security deposit), but this investment would yield a significant return regardless of what happens with the tenant.

If an investor had multiple properties and used this idea with every new tenant, they would set them selves up for an easier business to manage and/or a significant amount of bonds for the future.

Here's a flyer I created for one of my properties with this offer included. I simply handed out during the showings:

HOW YOU CAN GET EVERY DOLLAR YOU PAY IN RENT BACK IN FULL!

When you rent this home for three years and make each monthly rent payment on time, you'll receive long-term savings bonds with a face value of \$50,000. You'll be able to use these bonds as part of your retirement, to help pay for your kid's college education or to buy an RV and travel the country.

Here are the conditions to receive the \$50,000 in long-term savings bonds:

1. You must make 36 monthly rent payments in the amount of \$1,395 **on or before the first of every month.**
2. You must occupy the home for the entire 36 months.
3. You must keep the home in good condition throughout the lease and deliver the home back to the landlord in its present condition, or better.
4. The bonds provided at the end of the lease agreement, if all conditions are met, will be Municipal Zero Coupon Bonds maturing in the year 2040 or later. The exact bonds purchased will be at the sole discretion of the landlord.

This means you'll get to live in a great home and create a long-term savings plan at the same time.

You're probably wondering why we would offer to give \$50,000 in long-term savings bonds?

Well, the answer is simple.

We want to reward you for taking care of our home and paying your rent on time. We know it's tough to save in this tough economy and want to give something back to you for honoring our lease agreement.

Note the four conditions to this offer detailed in the flyer. These conditions and offer could be a special addendum added to the lease agreement.

Use Bonds to Turn Every Tenant into \$25,000 of Future Income

Or if the investor rented their home on lease options/rent to own programs, they could use the tenants' upfront payment to buy the bonds without having to dip into their pockets to purchase the bonds. Based upon my use of lease options and rent to own programs, I've found that investors typically collect 3% of the value of the home upfront as an option payment. Sometimes it's less and sometimes it's more. 3% is about average.

On a \$100,000 home, this would be around \$3,000. This \$3,000 received from the tenant could easily be used to purchase bonds.

In fact, if an investor received \$3,000 upfront by offering their home on a rent to own program, they could easily buy the Hartford Ransom bonds (noted above) with a face value of \$25,000.

This would mean that each and every rent to own tenant could be turned into \$25,000 for the investor down the road. See how I'm leveraging the income from the property into long-term savings bonds?

Now let's assume the investor has to evict this tenant at some point in time. Would this be a good thing or a bad thing for the investor?

The investor would still have the home AND the \$25,000 in bonds. Sure they'd have to invest some money to get the home cleaned, painted and ready to show. But within weeks, they'd collect another upfront payment on from a new rent to own tenant.

This new upfront payment would be used to buy additional bonds with a \$25,000 face value that would mature down the road.

New Tenant = \$25,000 of Bonds

Over 4 or 5 years, an investor could leverage two or three new tenants into \$100,000 in bonds. Who knows, investors might come to enjoy evictions because they each eviction leads to a new tenant.

As I write this for you, I'm literally shaking. I've done a boatload of lease options on my properties over the years. Sadly I didn't apply this incredible idea.

On low side, let's say I've done 50 lease options on my properties over the years. Had I bought zero coupon bonds with a face value of \$25,000 with the upfront payment received in each transaction, I'd be sitting on \$1,200,000 in various bonds. These bonds would mature at various points of time in the future.

Would the value of the property matter to an investor, if they were able to turn each and every tenant into \$25,000 in bonds?

Nope.

This simply means investors can use bonds to reduce their risk and hedge against loss.

Here in the States many real estate investors (including myself) have lost a great deal of money in the last few years. It's hard to stay motivated about real estate after incurring such losses. Many have sworn off real estate and probably won't want to invest again, unless you show them how to turn every tenant into \$25,000 of bonds.

I believe this situation represents an opportunity for you to help your clients recover amounts lost and "see" real estate as a good investment opportunity.

Plus they'll think you're a genius for putting this all together and they'll probably refer their friends and family to you because you think outside the box.

Awesome.

Building the Bond Ladder for Your Investors

Many financial planners recommend investors build bond ladders. A bond ladder is defined as follows:

A series of bonds with increasing maturities often spaced one year apart.

The idea is to fund your retirement by buying bonds that mature each and every year after you stop working. Let's say you're 40 years old and want to retire at the age of 60, 20 years from now. You'd like to set yourself up to receive additional income each year from the age of 60 on.

Build the following bond ladder:

- \$25,000 Face Value Bonds Maturing in 2030
- \$25,000 Face Value Bonds Maturing in 2031
- \$25,000 Face Value Bonds Maturing in 2032
- \$25,000 Face Value Bonds Maturing in 2033
- \$25,000 Face Value Bonds Maturing in 2034

See how this is structured so that \$25,000 of bonds mature each year starting 20 years from now? The good news is that these zero coupon bonds can be acquired today at significant discounts.

An investor could use the upfront payments received from tenants to build a bond ladder over time. These bonds would add to their retirement income. Remember, if they keep their rental real estate, they'd have these assets, too.

A Little More Detail on Zero Coupon Bonds

In the examples above, I used Municipal bonds. Municipal bonds typically offer higher interest rates than US Treasury Bonds. The higher the interest rate on the bond, the lower the amount required to buy today.

If you have a brokerage account with any of the larger companies (Schwab, E*TRADE, Ameritrade, etc.), you should be able to log into your account online and search for zero coupon bonds.

Below I've included a few screen shots from within my E*TRADE account that will show you how to search for these bonds. To do something similar, you may need an account with online access at one of the larger brokerage companies.

Click on the "Research" tab and select "Bonds" to get to this Bonds Resource Center page.

To search for bonds, click on the "Advanced Bond Search" link here.

The screenshot shows the E*TRADE website interface. At the top, there's a navigation bar with tabs for Accounts, Trading & Portfolios, Research, Guidance & Retirement, Education, and Banking. Below this, there's a sub-menu with links for US Markets, Global Markets, Quotes, News, Charts, Stocks, Mutual Funds & ETFs, and Bonds. The main content area is titled 'BOND RESOURCE CENTER' with the tagline 'Your One Source For Everything Fixed Income'. It features a table of 'Best Yield by Category' with columns for 3mo, 6mo, 1yr, 2yr, 5yr, 10yr, 20yr, and 30yr+. The table lists various bond categories like CDs, Treasuries, Treasury Zeroes, Agencies, Corporates AAA, AA, A, Municipals AAA, AA, and A. To the right of the table is a 'Need Help with Fixed Income?' section with contact information. Below the table are three promotional boxes: 'Learn About Bonds and Fixed Income', 'Research Bonds', and 'Start Trading'. Blue arrows point from the text on the left to the 'Research' tab, the 'Bonds' link, and the 'Advanced Bond Search' link.

Best Yield by Category	3mo	6mo	1yr	2yr	5yr	10yr	20yr	30yr+
CDs	.35	.45	.60	1.00	2.15	3.40	---	3.00
Treasuries	.18	.21	.33	.63	1.96	3.29	4.33	4.57
Treasury Zeroes	.14	.19	.31	.67	2.05	3.68	4.85	4.90
Agencies	.32	.56	.70	1.28	2.59	4.12	4.54	5.11
Corporates AAA	---	.48	.48	.77	---	4.47	---	5.09
Corporates AA	.68	.45	1.00	1.77	4.26	4.94	5.99	5.73
Corporates A	.72	.92	1.10	2.52	4.74	5.25	6.09	6.80
Municipals AAA	---	.60	1.00	1.00	2.50	4.22	5.64	5.89
Municipals AA	.42	1.28	1.50	2.15	3.86	5.60	7.23	7.10
Municipals A	.66	1.25	2.20	2.89	4.08	5.20	7.26	9.10

After clicking on the "Advance Bond Search" link, you'll be taken to a page like the one below where you can insert specific search criteria for various bonds. I have selected "Municipal" bonds for this search.

BOND SCREENER
[Bond Screener Classic View](#)

Define your custom criteria from the categories to narrow the search results.
 Select **View Results** to view the offerings that match your selections.

VIEW RESULTS

[All Search Criteria](#)

SECURITY

Security Type ?	Security <input type="text" value="Municipal"/>	State <input type="text" value="All States"/> <ul style="list-style-type: none"> Alabama Alaska American Samoa Arizona 	Control-click to screen on multiple selections.
Quantity ?	\$ <input type="text" value=""/> ,000		
Maturity Date ?	From <input type="text" value="2030"/> To <input type="text" value="2050"/>		
Credit Rating ?	Moody's Min <input type="text" value="A"/> Max <input type="text" value="Aaa"/> <input checked="" type="checkbox"/> Or S&P Min <input type="text" value="A"/> Max <input type="text" value="AAA"/>		
Price ?	Min <input type="text" value=""/> Max <input type="text" value=""/>		
Yield ?	Min <input type="text" value=""/> % Max <input type="text" value=""/> %		
Coupon ?	Min <input type="text" value="0"/> % Max <input type="text" value="0"/> %		
Market Type ?	Only/Exclude <input type="text" value="Select..."/> <input type="button" value="New Issues"/>		

Sort by: Descending Display results per page
 Then by: Descending

VIEW RESULTS

In the screen shot above, you can see that I'm searching for bonds that mature between the years 2030 and 2050. Bonds, which mature further in the future, can be purchased for larger discounts today.

Next, look at the "Coupon" section. I've typed in 0 for lowest and 0 highest. This narrows the search to just zero coupon municipal bonds. I've sorted this search by asking price so that I can look for the lowest priced municipal zero coupon bonds. Here's a partial list of municipal zero coupon bonds found that match the search criteria listed above:

Bond Resource Center | Search and Trade | Get a Bond Quote | View Bond Orders

Bond Screener | Sell Your Bond Graph View Page 1 of 4 Next >

EDIT SEARCH BUILD LADDER

Order	Qty (Min/Incr)	ST Execution Type	Issue	Coupon	Maturity	Price	Yield	Moody/S&P
<input type="checkbox"/> Buy	4000 (250/5)	CA Firm	Sutter Union High School Call 08/01/25@100 - Worst Call 06/50@100 - Material Events - Bank Qualified - Sinking Fund 08/45@70.384 Trade History	.000	06/01/2050	5.766	7.382	Nr/ A+
<input type="checkbox"/> Buy	2250 (250/5)	CA Firm	Bass Lake Joint Union Ele Material Events - Bank Qualified - Subject to - Sinking Fund 08/46@76.25 - AGC, insured Trade History	.000	06/01/2050	6.417	7.1	Aa3/ AA+
<input type="checkbox"/> Buy	5000 (250/5)	CA Firm	Lakeside Calif Un Sch Dis Bank Qualified - Subject to - Sinking Fund 08/46@77.455 Trade History	.000	08/01/2050	6.691	6.96	Nr/ AA
<input type="checkbox"/> Buy	2500 (250/5)	CA Firm	Santee Calif Sch Dist Material Events - Subject to - Sinking Fund 08/44@78.33 - AGC, insured Trade History	.000	08/01/2048	7.292	7.1	Nr/ AA+
<input type="checkbox"/> Buy	1950 (200/5)	CA Firm	Napa Valley Unified Schoo Material Events - Subject to - Sinking Fund 08/34@36.411 Trade History	.000	08/01/2049	7.464	6.85	Aa2/ AA-
<input type="checkbox"/> Buy	380 (50/5)	PR Firm	Puerto Rico Comwith Infra Material Events - AMBAC, insured Trade History	.000	07/01/2043	9.187	7.495	A3/ BBB+
<input type="checkbox"/> Buy	2500 (100/5)	CA Firm	Westside Calif Un Sch Dis Subject to - Sinking Fund 08/41@76.383 Trade History	.000	08/01/2045	9.452	6.95	Aa3/ AA-
<input type="checkbox"/> Buy	5310 (15/5)	CA Firm	Hart-Ransom Un Sch Dist C Bank Qualified Trade History	.000	08/01/2048	9.93	6.25	Nr/ A+
<input type="checkbox"/> Buy	2500 (100/5)	CA Firm	San Diego Calif Uni Sch D Trade History	.000	07/01/2045	9.993	6.8	Aa1/ AA
<input type="checkbox"/> Buy	100 (10/5)	FL Firm	Miami-Dade Cnty Fla Spl O Material Events Trade History	.000	10/01/2041	10.56	7.46	A2/ A+
<input type="checkbox"/> Buy	2500 (200/5)	CA Firm	Coachella Valley Calif Un Material Events - Subject to - Sinking Fund 08/41@87.448 - AGMC, insured	.000	08/01/2043	10.836	6.95	Aa3/ AA+

The first bonds listed "Sutter Union High School" mature on 6/1/2050. These bonds can be purchased for .05766% of their face value. This simply means someone can purchase these bonds with a face value of \$250,000 for \$14,415, plus brokerage commission. Here's a screen shot of this potential bond purchase:

Order Type:	BUY	SUTTER UNION HIGH SCHOOL
Execution Type:	FIRM (Fill or Kill) ?	
Face Value:	\$250,000.00	Price: 5.766
CUSIP:	869410CY4	Yield: 7.336
Product Type:	Municipal	
Issue:	Sutter Union High School Callable 08/25@100 - Material Events - Bank Qualified - Sinking Fund 08/45@70.384	
Coupon:	0%	
Maturity:	06/01/2050	
Rating (Moody's/S&P):	Nr/A+	
Settlement:	01/21/2011	
Principal:	\$14,415.00	
Accrued Interest:	\$0.00 (0 days)	
<hr/>		
Commission:	\$250.00	
Net Money:	\$14,665.00	

To buy \$250,000 in face value of these bonds that mature on 6/1/2050, you would need to invest \$14,665 today.

Pretty cool, huh?

Please understand I'm not recommending these bonds. I have not researched them and do not know if they are a good investment or not. I'm simply highlighting how you can find bonds. Please discuss any bond investment or purchase with a qualified investment professional BEFORE making any investment!

As noted above, Municipal Zero Coupon Bonds have been used in this example, because they offer higher interest rates and larger price discounts. Many Municipal Zero Coupon Bonds are tax-free for federal tax purposes. Different rules may apply for State and Local Income taxes. **Anyone thinking of investing in bonds should discuss the tax ramifications of each bonds considered with their CPA.**

You could also use US Treasury Zero Coupon Bonds, too. Most people feel that US Treasury Bonds are the safest investment you could make. You can search for US Treasury Bonds on E*TRADE's website very easily. Once again, you'll probably need to be logged into your account to perform this search.

BOND SCREENER
[Bond Screener Classic View](#)

Define your custom criteria from the categories to narrow the search results.
Select **View Results** to view the offerings that match your selections.

[VIEW RESULTS](#)

[All Search Criteria](#)

SECURITY

Security Type ?	Security <input type="text" value="Treasury"/>	Product Type <input type="text" value="All Product Types"/> <ul style="list-style-type: none"> Bonds Bills Notes Zero Coupon (Strips) 	Control-click to screen on multiple selections.
Quantity ?	\$ <input type="text" value=""/> ,000		
Maturity Date ?	From <input type="text" value="2030"/> To <input type="text" value="2050"/>		
Credit Rating ?	Moody's Min <input type="text" value="A"/> Max <input type="text" value="Aaa"/> <input checked="" type="checkbox"/> Or S&P Min <input type="text" value="A"/> Max <input type="text" value="AAA"/>		
Price ?	Min <input type="text" value=""/> Max <input type="text" value=""/>		
Yield ?	Min <input type="text" value=""/> % Max <input type="text" value=""/> %		
Coupon ?	Min <input type="text" value="0"/> % Max <input type="text" value="0"/> %		
Market Type ?	Only/Exclude <input type="text" value="Select..."/> <input type="button" value="New Issues"/>		

Sort by: Descending
 Then by: Descending

Display results per page

[VIEW RESULTS](#)

Above I've included my US Treasury Bond search criteria. Notice I've switched the Security Type to "Treasury" and the Product Type to "Zero Coupon Strips." I've pretty much followed the same search criteria looking for maturity dates between 2030 and 2050. I've selected 0 for the lowest and 0 highest "Coupon" rate. I've selected to have the bonds displayed by price. Below is a partial list of US Treasury Bonds meeting this search criteria.

Bond Screener | Sell Your Bond Graph View Page 3 of 3 Next >

EDIT SEARCH **BUILD LADDER**

	Order	Qty (Min/Incr)	Execution Type	Issue	Coupon	Maturity	Price	Yield	Moody/S&P
<input type="checkbox"/>	Sell Buy	1000 1000 (10/1)	Firm	T Strip Prin Pmt	.000	11/15/2040	23.396 23.553 4.931 4.908	-/-	
<input type="checkbox"/>	Sell Buy	3 5 (5/1)	Firm	T Strip Int Pmt	.000	02/15/2040	23.705 23.847 5.013 4.992	-/-	
<input type="checkbox"/>	Sell Buy	1000 1 (1/1)	Firm	T Strip Int Pmt	.000	05/15/2040	23.43 23.856 5.011 4.948	-/-	
<input type="checkbox"/>	Sell Buy	1000 1000 (10/1)	Firm	T Strip Prin Pmt	.000	08/15/2040	23.789 23.878 4.915 4.902	-/-	
<input type="checkbox"/>	Sell Buy	1000 1000 (10/1)	Firm	T Strip Prin Pmt	.000	05/15/2040	23.85 24.034 4.949 4.922	-/-	
<input type="checkbox"/>	Sell Buy	1000 1 (1/1)	Firm	T Strip Prin Pmt	.000	08/15/2040	23.139 24.121 5.011 4.867	-/-	
<input type="checkbox"/>	Sell Buy	1000 50 (10/1)	Firm	T Strip Int Pmt	.000	02/15/2040	23.752 24.174 5.006 4.944	-/-	
<input type="checkbox"/>	Sell Buy	1000 815 (10/1)	Firm	T Strip Int Pmt	.000	11/15/2039	23.963 24.228 5.019 4.98	Aaa/ AAA	
<input type="checkbox"/>	Sell Buy	1000 960 (10/1)	Firm	T Strip Prin Pmt	.000	02/15/2040	24.194 24.353 4.941 4.918	Aaa/ AAA	
<input type="checkbox"/>	Sell Buy	1000 930 (10/1)	Firm	T Strip Int Pmt	.000	08/15/2039	24.225 24.476 5.024 4.987	-/-	
<input type="checkbox"/>	Sell Buy	5000 5000 (1/1)	Firm	T Strip Prin Pmt	.000	02/15/2040	24.098 24.547 4.955 4.89	Aaa/ AAA	
<input type="checkbox"/>	Sell Buy	1000 1000 (20/1)	Firm	T Strip Int Pmt	.000	08/15/2039	24.225 24.551 5.024 4.976	-/-	
<input type="checkbox"/>	Sell Buy	1000 1000 (10/1)	Firm	Us Treas Bd Stripped	.000	11/15/2039	24.371 24.591 4.959 4.927	-/-	
<input type="checkbox"/>	Sell Buy	5000 5000 (1/1)	Firm	T Strip Int Pmt	.000	08/15/2039	24.252 24.661 5.02 4.96	-/-	
<input type="checkbox"/>	Sell Buy	1000 5000 (1/1)	Firm	Us Treas Bd Stripped	.000	11/15/2039	24.385 24.675 4.957 4.915	-/-	

The first bonds listed have a maturity date of 11/15/2040 and can be purchased for .23398% of face value. This means someone could purchase \$50,000 in face value of these US Treasury Bonds for around \$11,700. Here's how this order might look:

Order Type:	BUY	T STRIP PRIN PMT
Execution Type:	FIRM (Fill or Kill) ?	
Face Value:	\$50,000.00	Price: 23.553
CUSIP:	912803DP5	Yield: 4.908
Product Type:	Treasury	
Issue:	T Strip Prin Pmt	
Coupon:	0%	
Maturity:	11/15/2040	
Rating (Moody's/S&P):	---/---	
Settlement:	01/19/2011	
Principal:	\$11,776.50	
Accrued Interest:	\$0.00 (0 days)	

Commission:	\$0	
Net Money:	\$11,776.50	

Or someone could buy \$25,000 in face value of these same bonds for \$5,849.50.

Notice how the price of US Treasury Bonds is higher than Municipal Bonds? This is because the interest rate offered on US Treasury Bonds is lower than the rates offered on Municipal Bonds. Municipal bonds are considered to carry more risk than US Treasury bonds and have to offer higher interest rates to attract investors.

In addition, US Treasury Bonds are taxable each and every year as if you received the interest income. This means investors owning US Treasury Bonds will have to pay taxes each year without any investment income. **Investors considering US Treasury Bonds should discuss the tax ramifications with their CPA.**

Bond Ratings and Risk Reduction...

Since we have focused on Municipal Bonds, you should pay attention to the bond rating assigned to the bonds. This is because there is a risk that the municipality might default on the bonds and not pay the face value at maturity.

There are a few companies that rate bonds when they're issued. They study the finances of the municipality and rate the bonds as high quality or low quality. This rating is designed to help investors reduce their risk of loss by focusing on higher quality bonds. Here's a great bond ratings chart I found from

http://en.wikipedia.org/wiki/Bond_credit_rating:

Moody's		S&P		Fitch		
Long-term	Short-term	Long-term	Short-term	Long-term	Short-term	
Aaa	P-1	AAA	A-1+	AAA	F1+	Prime
Aa1		AA+		AA+		High grade
Aa2		AA		AA		
Aa3		AA-		AA-		
A1	P-2	A+	A-1	A+	F1	Upper medium grade
A2		A		A		
A3		A-		A-		
Baa1	P-3	BBB+	A-2	BBB+	F2	Lower medium grade
Baa2		BBB		BBB		
Baa3		BBB-		BBB-		
Ba1	Not prime	BB+	B	BB+	B	Non-investment grade speculative
Ba2		BB		BB		
Ba3		BB-		BB-		
B1		B+		B+		Highly speculative
B2		B		B		
B3		B-		B-		
Caa1	Not prime	CCC+	C	CCC	C	Substantial risks
Caa2		CCC				Extremely speculative
Caa3		CCC-				In default with little prospect for recovery
Ca		CC				
C	C					
/	Not prime	D	/	DDD	/	In default
/				DD		
/				D		

Most bond experts suggest buying bonds rated A or above. From this chart, you can see that this rating would put the bonds in the "Upper Medium Grade" or higher. This means you would set your bond search criteria from above with the lowest ranking of A so that you eliminated lower quality bonds from your search. Your stockbroker or financial planner can help you evaluate bond ratings. In addition, to focusing on higher rated bonds, investors might want to consider focusing on Municipal bonds that are backed by insurance. Bond insurance is defined as...

a service whereby issuers of a [bond](#) can pay a premium to a third party, who will provide interest and capital repayments as specified in the bond in the event of the failure of the issuer to do so. The effect of this is to raise the [rating](#) of the bond to the rating of the insurer; accordingly, a bond insurer's credit rating must be almost perfect

In other words, the insurance company will step in and pay the face value of the bonds, if the Municipality defaults. This is another layer of protection that can be added to protect the bond investment.

As with any investment, bonds DO carry RISK.

PLEASE DISCUSS ANY BOND INVESTMENT WITH A QUALIFIED INVESTMENT PROFESSIONAL BEFORE MAKING AN INVESTMENT.

A Few Words of Caution...

I'm not a licensed investment advisor. I've learned what I've shared with you from my own research and studies.

I strongly suggest you take some time to learn about bonds on your own, or find a knowledgeable financial planner or stockbroker to help you.

Know in advance that financial planners and stockbrokers aren't into Zero Coupon Bonds. This is because most investors prefer to buy bonds that pay interest until the bond matures. Every stockbroker or financial planner I have talked with has tried to convince me to look into bonds that pay interest. The problem is these bonds cannot be purchased at large discounts like Zero Coupon Bonds.

Our purpose for bonds is to use them to stimulate home sales. We aren't worried about periodic interest income. **We should be focused on finding quality bonds at significant discounts and marketing these bonds as incentives to list and sell homes.**

Don't let the financial planners sway your focus, because they won't be looking at bonds in the same perspective as we do. They'll be following their canned financial planning approach and looking to sell bonds at higher prices, because they put more commissions in their pockets.

Another problem I've found with stock brokers is that they won't be interested in helping you unless you're making a sizeable investment. I guess the commission earned on these smaller transactions isn't worth their time.

This means you'll probably have to search for these bonds on your own using the screening tools referenced above. More than likely, you'll have to have an online account with one of the larger brokerages to perform these searches.

Oh and you can use incentives to get clients to buy or sell, as long as the incentives are disclosed to all parties. Adding one of the bond clauses from this report would be how you disclose the incentive and keep things in-line with our disclosure rules.

Recommended Reading:

Here are a few resources you might want to check into to learn more about bonds. Remember, we are focused on long-term zero coupon bonds. This is because they can be purchased at significant discounts.

"Formulas for Wealth – How to Create a Fortune in Real Estate"
by Albert Lowry and Richard Powelson

"Bonds – The Unbeaten Path to Secure Investment Growth" by
Hildy and Stan Richelson

InvestingInBonds.com