



The Perfect Storm

**What The Experts, Government, Media and
People In Power Will *NEVER* Tell You About
The Dangers (And Profits) Of Our Current
Real Estate Market**

By John Burley

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The Perfect Storm: What The Experts, Government, Media and People In Power Will *NEVER* Tell You About The Dangers (And Profits) Of Our Current Real Estate Market

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The First Email Came In At 6:58am On August 21st

It was Lenny, a longtime student of mine... and “desperate” is the only way to describe his message.

>> “John, I really messed up. I don’t know what to do and I really need your help here. Everything you taught me in Boot Camp has helped me tremendously, but I’m in real need of your help right now.”

Wanting to help, I read on.

>> “I made a lot of mistakes. Level 3 mistakes. With my local market getting so hot I got into speculating instead of investing.”
(The message went on for a while)
“The bottom line is, I’m scared John. Please help, what can I do now?”

I know many of you are probably scared right now, a lot of people are. And the truth is, I don’t blame you. Anytime you read the paper, or watch TV there’s another story of how bad things are in real estate right now.

But Before I Go On, I’ve Gotta Tell You Something...

The fact that you’re here reading this report says a lot about you. You’re on the right path and you’re doing the right things so even if it’s tough right now, please know that I strongly encourage you to seek out what’ll work for you and to stay strong.

The Perfect Storm

So why all the fear? What’s going on? First, let me explain why I call this report, “The Perfect Storm”.

A lot of people compare the current real estate market with what was going on in the early 80’s or early 90’s and... they are similar in many ways. Foreclosures are up, (way up actually) just like in the 80’s - 90’s. Prices are going down, and in many areas, way down. And fewer people are able to get financing which means a drop in buyers making lease options a very attractive option for many, many people looking to own their own home.

But there’s a very important distinction, and it is...

Before I tell you the extremely important difference between our current market conditions and those of the early 80’s and early 90’s, you’ve got to see something. It was during the timeframe of the early 90’s that I made a bunch of money in real estate. My biggest

breakthroughs in terms of money in my pocket, elimination of debt, and long-term, sustainable wealth and growth occurred in the early 90's (**In the early 80's I was too scared and told myself too many stories to do anything in a big way**).

Listen up.

Most people think that wealth is created when the market is up, that's simply not true. The reason why the 80's & 90's were so full of profit for me and many, many others is simple. We bought when things were low. Of course, there's a lot more involved in real estate investing than just buying low, but let's keep this simple for now.

In all types of investments, the money is made when you BUY and NOT when you sell. Yes, I do understand this is contrary to what most people believe and what most people will teach and that's precisely why most people in this country and the world will NEVER be financially secure.

So once you understand that your money is made when you buy and not when you sell, it becomes a question of recognizing an opportunity when you see it.

Here, take my hand and let's do a little time travel...

When Microsoft first went public, a share would have set you back a whopping \$21 dollars. Today, that \$21 dollars would be worth about \$7,479.72 that's an astounding 37,974% return!

If only you knew, right? Well, history does have a tendency to repeat itself, and it's repeating itself right now... with a very big difference.

The big distinction between what was going on in the 80's & 90's and what's going on today is... in the current market we have historically low interest rates. All of the factors that allowed me to exponentially increase my wealth during the 90's are here now, but with the added bonus of low interest.

And That's Why I Call This The Perfect Storm

Foreclosures are up, banks are taking on more and more inventory, buyers are finding it harder to qualify for conventional loans, and money is cheaper than it's been in decades!

So if now's the time, if it's possible to create more profit now than in the last 2 down-market cycles we've seen, why are so many people afraid?

One of the reasons is the media. The truth is most people covering the news are NOT professional investors. They report news. That's it. But because they're in a position of trust,

we tend to believe everything they say. And let's face it, they've figured out bad news sells and that's why we're hearing so much news about real estate because it really is bad!

So once the news corporations get in on it, the general public starts to believe it. Next, you've got everyone you know talking about how bad things are, and how you should run for cover because things haven't been this bad since the Great Depression.

And notice how I said the "news corporations" because they are, in fact, corporations. A corporation is responsible for one thing and one thing only, i.e. to make a profit. And here's a sad, but very true, fact: nothing sells better than fear and negativity. The news outlets would not exist without bad news, without fear, without pointing at what's wrong in the world.

Because they must make a profit, and because fear sells, you will ONLY hear the negative side of the story, and never the positive.

Another reason why so many people are scared right now is because we humans are emotional creatures. Think about it. In some markets, things were so crazy that you'd have a house selling for \$300,000, then 6 months later, the price was \$450,000.

What happened in 6 months? Nothing. Same house, same location, same everything. The only difference was the emotions involved. All of a sudden, the news is talking about how now's the time to buy and how the housing market is just going up, up, up and everyone wanted in.

So instead of sound investing, you had a bunch of newbie's filled with emotion creating bidding wars on property that was selling for HALF as much just months before. This, fueled by lenders giving money to pretty much anyone with a pulse led to a very bad situation.

All of a sudden you've got people in houses they can't afford, paying only interest and in some cases not even the full interest payment, thinking that all they'd need to do is hold on for 90 days so they can turn around and sell it for a 100% return.

But that didn't happen... 90 days turned to 180, then 360, and then before they knew what happened, they were in foreclosure.

So these same would-be investors (who were just every day people) began telling stories of their troubles and woes... some went so far as to post web sites and blogs that were heavily publicized by the media to, once again, sell fear.

And Yet ANOTHER Part Of The Perfect Storm (I Saved The Best For Last)

Ok, so the 3 parts of the Perfect Storm we have covered are:

- #1. Foreclosures are on the rise (currently at all time highs)
- #2. Money's cheaper than it's been in decades (easier for you & your money partners to get in)
- #3. Harder for buyers to obtain loans (which means it's the perfect time for lease options)

But there's a 4th part that makes our current market even MORE profitable. As you saw above, many wanna-be investors were making home prices literally soar. They were bidding properties higher and higher because they really thought things just kept going up (which we know nothing goes up forever). Because of all the fear surrounding the current market, because of all the negative headlines, and because so many of these so-called investors were really speculators instead of real investors, they're ALL OUT OF THE GAME!

You no longer have to worry about the new guy bidding the price way above market at a foreclosure sale. You no longer have to worry about competing with offers that are way above retail on properties that you KNOW can't be profitable because the numbers just don't make sense.

These investors are no longer in the game so it makes your job so much easier. The truth is, truly making it as an investor has been hard the last few years because so many speculators kept driving the prices up.

Without them in the market, it simply makes it easier. And that's the ironic thing. When it was hardest to make money investing in real estate, everybody wanted in... now that it's easy everyone wants out, and that makes it much better for you.

But There's A Problem... Even Inside The Burley Family...

The problem is that no matter how seasoned you are, it's only natural to feel fear. And you're probably in that situation right now.

So if you're hesitant or afraid of what's going on in your area, don't feel bad. We all get the jitters.

And don't feel bad if you've gone back to Level 3 (*call the office if you don't have the "7 Levels Of Investor" manual -- 623-561-8246*) thinking or if you made some Level 3 decisions like buying negative cash flow properties. Or when things were easy you made some Level 3 purchases (Real Estate and personal) but that's all in the past. What's important is that we re-group and take advantage of this opportunity that's being handed to us right now.

With that in mind, let's get into what you need to do to get past your fears, nervousness, and any bad decisions you've made.

Wolves In Sheep's Clothing

When a market is declining like ours is right now, lots of changes happen. The biggest change is that it weeds out the incompetent players. It's the market's way of cleaning itself and getting rid of the garbage.

Although that's an incredibly great thing, there are some that will try to take advantage of the situation. Sometimes they do it willfully and other times through ignorance. What am I talking about?

I'm talking about the "gurus" and other so-called "professional investors" who begin to teach things that simply will not work. See, they know you're scared and so they hire top-gun marketers trained to push your emotional buttons.

In many cases they know their speaking or seminar business is about to go bankrupt so they start making you offers they know you just can't refuse. From tuition fees that are way too low to teach you anything of value, to coaching programs that are essentially non-existent. They know they don't have much time so they want to get as many people as they can before they file for bankruptcy and start a new company when the time is right.

Since they know what you fear, they're able to "sell" you on concepts and techniques that perhaps worked before but will never work now. Many will even teach you things that are either illegal, or immoral.

The *first technique you want to watch for is the lease-back*. Basically a lease-back occurs when an investor takes title to a house that's in foreclosure. They'll probably give some money upfront to the homeowner so they feel they're getting a great deal. The investor will turn around and lease the house back to the homeowner for a period of time. It's usually one to two years. After the lease is over, the homeowner must buy out the investor or they will lose the house.

The lease-back is not only illegal in many states, but is, in my opinion, immoral, unethical, and simply a terrible way to do business. I don't care how scared or desperate you are, never, ever do anything that takes advantage of someone else. It's just not right.

The chances of the homeowner getting back on their feet in a year or even 2 years, is almost zero and these con-artists know it. So from the beginning the homeowner is set up for failure and the investor is set up to take the house.

Now even if you don't intend on doing something like this, and even if someone taught you that it is possible to do a lease-back morally, and ethically (again remember, in many states, a lease-back is illegal) the simple fact that lease-backs are such a bad deal for the homeowner, I would tell you flat out, don't do it.

Another thing that's being taught is short sales. Short sales are great, I love short sales. But there's a problem. In this market, more and more lenders are choosing not to do short sales. Even though it's not the smartest thing for them to do, remember one thing... banks are run by... people. **And as I mentioned earlier, people are EMOTIONAL beings, not logical.**

So here's what happens.

The banks were approving short sales left and right because even though they were taking losses on the back end, so much money was coming in the front end that they considered it a cost of doing business. Well, now that lending requirements have tightened up considerably, and now that it's so much harder to get a loan, all that money ain't coming in! In fact, even the largest mortgage company in the country announced they were getting out of the sub-prime business.

With less money coming in because they will only lend to pristine credit, the losses are starting to take their toll. And that's scary for them. Because they're emotional beings their knee-jerk reaction is to... you guessed it, deny the short sales (sure they'll tell you they'll take a short sale but what they do is jack up the BPO, Broker's Price Opinion, to a level that's not profitable for you the investor).

"But John, they're going to take the loss anyway because chances are they'll take it back at REO". I know, but like I said they're being guided by emotion and not by logic.

Even though a short sale would be the smartest thing to do, the fact is in this type of market, the banks are less willing to negotiate, if at all.

So the guys teaching how to buy REO properties are the ones we should follow?

Not exactly.

See, REO's will be viable in about 6 months to 2 years (depending on your market). Although REO inventory is on the rise, it hasn't gotten to levels where most banks would start raising red flags. So in the next 6 months to 2 years as foreclosures rise, and as more and more short sales are denied, REO inventory will grow larger and larger, but that's later on.

So if things like lease-backs, short sales, and REO's aren't working right now, what is?

How To Make Money In THIS Market

I'm about to share with you the techniques that will help you in the current market. Before I do that though, let me explain something first.

A lot of people lost a lot of money (sometimes everything) for failing to understand a fundamental concept. You are **NOT** in the business of short sales, or foreclosures, or any other methods you were using to get into your property.



“You will NOT survive in today’s market using yesterday’s tools...”

All those techniques are simply tools you can use at any given moment in time. A lot of people have failed because they are using tools that work in a completely different market. That would be like a caveman trying to survive in the modern world with pre-historic tools, tactics and strategies.

So I want you to forget tools & techniques and think of fundamentals. The purpose of the tools and techniques is to achieve a goal. If you find that achieving that goal is no longer possible with the tool you’ve always used, it’s time to adjust and use the proper tool.

For many of you the tools, techniques, and strategies that you have learned only worked for that moment in time... for that particular market. Things change, markets change, and you must change also.

REMEMBER:
THE OBJECTIVE IS TO STAY PROFITABLE AND
THAT’S WHERE THE FUNDAMENTAL
RULES COME INTO PLAY.

What works now is old school. It ain’t pretty, it ain’t sexy, but it works. These are time-tested techniques for working in any market, but work extremely well in our current market.

The main thing to remember is that right now it’s time to roll up your sleeves and get to work. The days of getting a property and simply short selling it are over. The key in this market is to look for equity spreads that make sense. But aside from looking at the equity spreads, you’ve got to look where most investors aren’t looking.

A great example of that is the FSBO (For Sale By Owner) approach. You see, many of the investors that were in the market ignored these because they require work. You have to actually get up off your seat, go out and look for these.

And remember, these property owners listen to the news too! See, they’re just as nervous as you are. All they hear is that there are no buyers, no one’s buying, the market is down, the

economy is bad, etc, etc, etc. It isn't you that's beating them up, they're getting beat up every day all day by the media.

But are they really going to go for a low offer like 70-80 cents on the dollar? Of course they are. Even back then when things were hot, offers were still getting accepted in the 70-80% range during our Burley Boot Camps. Imagine now when things ain't so hot!

I won't get into the mechanics of how this is done because that's not the purpose of this report. But that's just one of the many overlooked niches available right now.

There are other techniques that are working phenomenally well right now:

- Vacant houses (absentee owners)
- MLS Shotgun (remember 60% of True Value)
- Sheriff and Trustee sales (in some markets, not all)
- Assignment of Contract (especially wholesaling)
- Ethical Subject-To's and Mirror Wraps (most markets pre-2004)
- Government Sales

Remember, we're looking for and buying value. We're also looking to get into more lease options because if you went to Burley Boot Camp you'll remember cash is NOT king, **positive cash FLOW is.**

That's just a small list but you get the idea. Again, these aren't sexy or the latest and greatest fad but they work, and they work like crazy because so many people were focusing on the "cool" stuff that they don't know how to put these fundamental deals together in a way that makes it tremendously profitable.

And here's the really cool part (pay attention because here's the real secret)

See, your sellers are watching the same news, listening to the same people, and reading the same stories. The same way you have fears and nervousness about the market, so do they. And when I say sellers, I'm not just talking about John Doe the homeowner. No. I'm talking about the bank, I'm talking about the government, I'm talking about anyone and everyone in a position to sell you a piece of property.

They're all nervous.

And if you learn to navigate this Perfect Storm with the help of someone who's been there before, you'll come out of it way better than most people.

Whether you've done good, bad or just ok in the last few market cycles doesn't matter. These are new times, new markets, and new rules.

If you haven't done what you set out to do this is your chance to turn it around with incredible speed because of the opportunities in today's market.

If you've done really well in the last few cycles this is your chance to propel into Level 5 and maybe even Level 6 investor. (Again, if you don't have the "7 Levels Of Investor" manual, call the office and we will send you a FREE Copy, so get it now -- 623-561-8246)

And here's what you really need to understand.

You feel scared, you feel nervous and I understand that because I felt the same way when I was going through a down market back in the 80's and then again in the 90's. But I found what works and I'm here to share it with you.

Every Burley Boot Camp we've hosted has been through good markets, but now, for the first time since I've been teaching, we're in a down market. For this reason I've added a new training course to the Burley family. **It's called The Perfect Storm Home Study Course. And it completely focuses on making money in today's downward real estate market.**

This is simply an example of my commitment to sharing with you what I found works in times like this.

Now, I Need A Favor From You...

I need you to read and re-read this report a few times because you need to really "get" it. And when I say "get it" I don't mean just intellectually, but deep down at the core you've got to get it. The sad fact is that if you don't, you simply will not flourish and you simply will not take advantage of this market opportunity.

By all accounts this is a short report. Just 14 pages. So it's possible, actually it's likely, you only got the surface of what I was saying and not the deep paradigm shifts that need to occur in you to truly master this new wave.

You are very different from everyone around you because you've done something, you've taken action. At the very least you've either attended one of my events or you've invested in your education which means a lot. So continue on that path and take it to the next level. The next level is The Perfect Storm Home Study Course.

I'd love for you to be a part of this and if you don't, that's cool, as long as you do something that moves you closer to the goals you've set up for yourself. As long as you're heading in the direction you want your life to go in, and taking action making sure you get to where you want to get to, I'm happy.

But please, whatever you do, don't do NOTHING. Today a lot of people think back to the early 80's and early 90's and think "Wow, if only I had invested in real estate back then..."

I don't think like that. Wanna know what I think? I think "Wow, I'm so glad I invested in real estate back in the 80's and 90's..."

These cycles show up every 10-15 years. Imagine yourself 5, 10, 15 years from today, what are you saying to yourself? Are you saying "Wow, why didn't I take Action and invest in real estate back in 2008"? Or are you saying to yourself "Wow, I'm so glad I took Action and bought big 2008-2010"? Every decision you and I take, **and don't take**, has long-term effects we can't even begin to imagine.

Jim Rohn says that we either live with the pain of discipline or the pain of regret and that we must choose discipline over regret because discipline weighs ounces and regret weighs tons. Right now it may not seem like it, but investing in yourself and in your education really does weigh ounces compared to the weight of regret you'll feel in 5, 10, 15 years if you don't take action today.

And consider this. For me, 2008 will be almost exclusively geared towards investing in real estate. I have hired more staff than ever before and we are taking ACTION in a big way.

Today's market has challenges. Yes, it will be a bit uncomfortable for some, and yes some of you will need to get out of your comfort zone. But you know what? One of the secrets to wealth is to get out of your comfort zone as quickly and as often as possible.

And I know because...

In the early 80's I was just not able to get myself out of my own comfort zone.

And although I was able get out of my comfort zone and do big things in the early 90's, and I now live a lifestyle very few people can even imagine, who knows where I'd be today had I just gotten out of my own way and done what I knew I should've done.

Of course, hindsight's 20/20 and there was no one there guiding me through those down markets, but you do have someone right now who can guide you through this Perfect Storm because I've already been there... twice!

I'd like to leave you with these final thoughts. Don't listen to the naysayers with their negativity and their "can't be done" mentality. Wealth is ALWAYS built more rapidly and furiously during down markets than during up markets. There's a reason most people aren't rich and that's because they don't do what the rich do. The rich, like Warren Buffet are right now, at this very moment, getting busy investing in real estate. In fact, Warren Buffet himself told a group of his Real Estate Managers in Omaha that he sees this as a time of opportunity.

Hey, I'm no Warren Buffet but I've been preaching this for about a year now and let's face it, there are far worse things you can do than to listen to someone like Warren Buffet. Deep down you know what I've shared with you in this report is real, so step up and take action.

Well, I trust you've gotten a lot out of this special report and if you have leave me a comment on the Perfect Storm Blog at www.perfectstormbootcamp.com .

But whatever you do, don't let this report just sit there on your computer gathering cyber-dust... or on your bookshelf gathering real dust. Take it, read it and begin to act on the suggestions and game plan I've laid out for you.

Your Real Estate Coach,

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