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## Creating Cash Cows

Is your real estate investing bringing you enough monthly cash flow? Is landlording draining you of energy? Is property maintenance depleting your bank accounts? Are you open to new and safe methods of bringing huge annual returns on your cash? If you answered "Yes" to any of these questions, please read on.

### **The dirty little "secret" of how bankers make money:**

Actually, it's not really a secret at all. In fact, bankers have been doing this for over a hundred years. Bankers make money by borrowing at low interest rates, then lending at higher interest rates. You deposit money in a savings account and they pay you 3% interest. They lend the same money back to you for home loans at 7% or more. The "spread" between the interest rate they pay and the interest rate they collect amounts to incredible profit!

*Consider this simple example:* You are shopping for rates to refinance your home loan. A lender quotes you 7% interest. On a \$100,000 loan, the monthly payment (amortized over 30 years) is about \$665 per month. However, at the last minute someone at the bank decides that the color of your underwear isn't right, so your interest rate changes to 7.25%. Your monthly payment will now be \$682.

You aren't terribly upset, since, after all, what's \$17 per month? What you don't realize is that the extra ¼ percent amounts to over \$6,000 in additional interest!

An incredible opportunity in today's market

We are in a unique time in history: real estate prices are rising, yet interest rates are dropping. This means that those who can borrow at low interest rates and loan at higher interest rates are making a bundle! Combine the interest rate "spread" and the "buy low, sell high" principle and your profit grows exponentially.

### **How we hold the mortgage and profit:**

*Consider this example:* We buy a \$90,000 house for a 10% discount (\$81,000). We borrow \$81,000 from the bank on a favorable 8% thirty-year loan. The principal and interest payments are roughly \$594 per month. We sell the property to a buyer on an installment land contract for \$100,000 (about 10% above market), taking \$10,000 down and carrying the balance of \$90,000 at 11% for thirty years. We don't pay off the underlying loan, but rather collect payments (\$952/month) from the buyer on a monthly basis and continues to make payments on the underlying loan.

We collect \$358 a month cash flow on the "spread" for 30 years!

This is a basic example of a "wraparound." The existing loan remains in place, and a new loan is created which wraps around the existing loan. We make a profit on both an interest rate spread and a markup on the purchase price.

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People with poor credit rarely question the price of the property (especially since they do not have to qualify for the loan). When the new buyer pays off the remaining balance, we pay off the underlying loan. In the meantime, we make monthly cash flow on the spread between the interest we pay and the interest we collect. This cash flow is not offset by property management, maintenance and the aggravation of tenants. There are no vacancies, calls from tenants, city code violations, or other headaches to deal with.

Thanks for taking the time to read this report. I hope you found the ideas thought provoking and beneficial.

My goal with this report is to help point you in the right direction and give you some guidelines to help you make the right decision.

I know for you making the right choice is worth thousands of dollars and a great sense of "peace of mind." If there is ever any way I can be of service to you or anyone you know, please give me a call. ***Your initial consultation is always under no obligation and completely free of charge.*** We'll sit down for 15-20 minutes and I'll show you everything you need to know when buying or selling a home. No pressure... just plain honest talk about what it's going to take to get you the results you need.

If you have any questions or would like more information, please feel free to contact me anytime.

I look forward to hearing from you soon!

Warmest regards,



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