

Use Real Estate to Pay Off Your Mortgage Early

by NewsUSA

If you live in an average market and paid \$200,000 for your home just four years ago, it is now likely to be worth more than \$292,000. And if you were able to purchase just three more houses, then in four years, you could have sold those three homes and made enough money to pay off your mortgage. If you think this is impossible because you are worried about finding the money to use as a down payment or qualifying for a loan, or are apprehensive about becoming a landlord, read on to learn about the everyday secrets used by investors to overcome these hurdles.

The easiest way to buy a house without a down payment is with a lease purchase. Search online to find lists of out-of-state landlords who may be looking to sell their houses once their tenants move out, and contact them by mail. Out-of-state landlords typically are motivated to sell because they live far away from the properties they own.

Offer to lease the home for an amount that is high enough to cover the seller's entire house payment including principal, interest, taxes and insurance. Make sure that you also get an option to purchase the home at or below today's value at any time during the next five years.

Try to arrange for your payments to begin after 60 to 90 days so that you will have time to find someone who is willing to buy the home on a rent-to-own basis.

To find this person, who is called a "tenant buyer," put up plenty of rent-to-own signs in the neighborhood. Your tenant buyer will typically pay a little more in rent each month than you are paying to the seller. Set your tenant buyer's purchase price at around 75 percent of the amount the home will be worth four years from now.

In addition, your tenant buyer should be responsible for any maintenance or repairs to the home while living there on a rent-to-own basis. Encourage him or her to have the home professionally inspected.

If three of your tenant buyers purchase their homes after four years, you should be able to make enough in profits to pay off your own mortgage 20 to 25 years before other people. The best part is that you can accomplish this without needing any money for a down payment or qualifying for a loan.

Peter Conti is the co-author of the Wall Street Journal best seller "Making Big Money Investing in Foreclosures Without Cash or Credit." He also hosts "Real Estate Radio," a weekly program online at www.peterradio.com. His Web site, www.freeinvestortools.com, is ranked as one of the top 10 investor sites on the Internet. For questions or comments, contact peterUSA@resultsnow.com.

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