

## Video Series: How to Profit From US Real Estate for Pennies on The Dollar Without Being a Landlord or Fixing or Rehabbing Anything

### Video 2 – How To Get Paid



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**Chuck:** Now, I'd like to take a moment to introduce Ted Thomas who after 25 years of guiding others to profit with these government sold investments Ted has become known as the Tax Lien Certificate and Tax Deed Authority in America. Ted, thanks so much for being with us.

**Chuck:** I'm here again, once again with Ted Thomas, America's Tax Lien and Tax Deed Authority. Ted, thanks so much for being here.

**Ted:** Glad to be here.

**Chuck:** All right. Now, before we go forward with lesson number 2 let's just recap to see what we learned in lesson number 1.

**Ted:** Okay, great. Now why don't we go right to that behind us here and look at this and you can see that on the left side there's a property, okay. All property is

taxable. Generally speaking it's 1% or 2% and that's owed to the local county. Now if the local county can't collect the money or the people don't volunteer and pay then what the county will do is they'll issue a tax lien certificate or the county will take the property and sell it at auction. So it's a simple, simple business, you get that foundational material now so you understand that the county is really the workforce in this whole thing. The county does all the work on this investment. If you invest with them, you're going to get a check back from them.

**Chuck:** But why does the government sell tax lien certificates and tax deeds?

**Ted:** Well, actually the money from the tax lien certificates is the lubricant that makes the government go. In other words they've got to pay the county employees, you've certainly got a police department. Can you imagine not having firefighters? And you need all these county employees so they're the ones that get paid from this property tax money. Now I only named a few other things obviously they take care of the roads and many things like that, hospitals, libraries, and so on.

**Chuck:** Now, Ted, you mentioned that the tax lien certificates were safe and secure. What makes them so safe and secure?

**Ted:** The safety of a tax certificate is you're going to get a piece of paper but you invested your money with the government and you're going to get a check back from the government. Now, that's going to be a guaranteed check. Whatever the amount of the certificate is, you're going to be guaranteed to get that as a return. Now this is the law in every single county in the United States. So, this is a secured certificate so if you don't get paid you're going to get the property. So you see this is a secure investment. So I always say predictable because of the rate, secure investment so you want to think about that.

**Chuck:** All right. To wrap up the review of lesson number one, what do these tax lien certificates pay?

**Ted:** Okay. Let's look at the graph again so you can see we can start out in Arizona and they pay 16% in Arizona. Now that will be for a whole year. And then it says 18% in Illinois, then that's just for 6 months if it stays out longer than 6 months in other words it's not paid then it's 36% and then you can drop down and we can

see Iowa and Georgia and all the way down to Texas. The one that everybody is surprised about is look at what it is in Texas it's astonishing, 25% in Texas and that's in six months.

**Chuck:** I'll tell you what. This looks like a great investment to help me save for my future, really does.

**Ted:** Well, this is a great investment. Let me give you some idea for you people out there that are watching this. I'll kind of walk you through someone that was a little on the timid side when they were starting. He called me on the phone his name is Dave and he said, "Ted, I want to put a couple of 1,000 bucks in the bank." And I said, "Well, great, go ahead and do that." But I said, "But why are you doing that?" And he said, "Well, Ted," he said, "I'm 35 today and I want to retire when I'm 55." I said, "Okay, I completely got it." I said, "Well, what's the deal at the bank?" He said, "Well, the bank is going to pay me 3.75." I said, "Really, 3.75?" I said, "Most banks are paying 1%." He said, "Oh I got a special deal with the bank." And I told him I didn't believe that for a second but anyway he said he had, all right. So, I said, "All right, what are you going to do?"

He said he's going to put the money in the bank, put 2,000 dollars in the bank, he's going to leave it there, he's just going to roll it over 20 years. I'm sure you get the idea. I said, "Well, how much is it going to be worth?" And he had no idea what it's going to be worth. And I'm going to show you right now, there it is, 4,129 dollars. Now what kind of investment is that going to be? Not very good. So I said, Dave, why don't you buy some tax lien certificates nine in the State of Arizona where you live? And you remember they paid 16% and he remembered that. So sure enough I said, "Let's put that in the calculator. So we put it in the calculator,  $16\% \times 2,000$  and now let's look and see what it is. So now you can see what the value is. So instead of 4,100 dollars it's 30,000 dollars.

I know exactly why you guys don't do this you're afraid you're going to get your heart broken, you probably already broke your heart on a couple of other investments. I'm going to tell you right now this one won't let you down, it will not let you down. So let me give you another example, just a quick example. All right, so now let's look at the slide here and you're going to see he's going to invest 2,000 dollars and let's go to Iowa. And you probably remember Iowa paid

24% so now we're going to invest in Iowa. Twenty-four percent certificate, we're going to roll that over for 20 years and take a look at this. There it is, 120,000 dollars. So I'm sure you kind of get the idea these are pretty powerful certificates. Now if we take that and did it with a 10,000-dollar investment and you invested in Iowa you can end up with not just a couple of dollars, a 10,000-dollar investment could end up being 600,000 dollars.

Now I'm not going to take all the time to do the math but if you do the math yourself you'll find that out. So, which of it do you want? Do you want 4100 dollars, do you want \$30,000, do you want \$120,000, or do you want the \$600,000? It's all possible with tax certificates. Now, I went through that fast but you're getting the idea. These powerful certificates could make you a lot of money.

**Chuck:** All right, I'm telling you. It's looking pretty darn lucrative to me. First of all, let's take a moment from an instructional standpoint. I want to go through the steps to buying a tax lien certificate.

Video Time: 5 minutes and 30 seconds

**Ted:** Okay. Step number 1: Let's figure out, get a list. So it's real simple process to get a list like this. You've seen those list, I've showed you this. So you get a list of those tax certificates. Then the next thing you do is head off to the auction and you can bid. Now we will teach you later on in the lesson, we'll teach you how to do this online so that you can.

**Chuck:** I can do that online?

**Ted:** You can do the whole thing online absolutely. It's not open now but if we opened it and had the Internet running we could go right online and you could buy these certificates online. Is that good? Now, so you raised your hand, you bought a certificate, once you take that certificate home you just take it home, put it on your desk, your work is finished.

**Chuck:** a passive investment when we're talking about tax certificates. So you get the list, go to the auction, do it online if you want. Once you buy the certificate you just sit and you wait until the government sends you a check and you

remember the government needs to send you a check or you get the property. It's as simple as that and that's foundational material we talked about in lesson one, here we are we're right back saying the same thing again just to prove it all works.

**Chuck:** Wow. And buying online just really intrigues me. You made it so simple and they made it so simple that you can be at home, you can use your tablet which of course that's a lifesaver in itself as you can take it anywhere with you.

**Ted:** Thanks for saying how good it is because it is fantastic but I'm going to show you an example right now. Her name is Peggy and she lives in North Carolina. Now, on our first lesson we talked about tax liens and tax deeds. Tax deeds means you get the property and it's actually she lived in a state where she get the property but she didn't want the property. Peggy said I don't want a property. I don't want any toilets, tenants, and trash. She said all I want is income. So she's a tax lien certificate investor so we taught her using this device how to go online and you're about to see what happened in just a minute. She's going to go online and buy tax lien certificates and earn 18%. Now she stayed in one state and she bought another state because she did it online.

**Peggy:** I've chosen this as my retirement investment venue. I'm tired of watching stock portfolios and mutual funds go up and down and up and down. So I got online and looked in a lot of different counties to see who paid the highest interest rate, who had the easiest system to actually buy certificates. So I found this amazing vehicle through Ted's system where you can buy something that's very high return, 18% in my case and higher, 36% in some cases. The first time I bought tax liens, I bought three of them for 2,273 dollars. I wanted to try it just see if it was something that was safe and would pay off. I got those certificates in the mail, put it in my drawer, and waited. Next thing I know months later I got a check in the mail for 359 dollars. That was an 18% annual return on my money. It's an amazing world that has opened up to me with this system. And the main thing is I've taken control of it and I found something very safe with a high return and I'm going to have enough money for retirement now. I feel confident.

**Chuck:** Now I want to back up and review just a little bit. If I buy a tax lien certificate am I going to get paid or am I going to get the property?

**Ted:** Okay. All right. If you buy a tax certificate all you're buying is a piece of paper and 97% of the time that piece of paper is going to produce income for you. In other words you're going to get your money back plus whatever the interest rate was, okay. About 2% or 3% of these property owners are not going to pay you so that's when you're going to get the property. So either you're going to get the property or you're going to get paid. Listen 97% of the time you have an assurance of getting paid your money back plus whatever the interest rate was, only 2% to 3% of the time you are going to get the property.

**Chuck:** So if I don't get paid I get the property.

**Ted:** How bad is that?

**Chuck:** It's a good situation.

**Ted:** It's a good situation. Absolutely. You know the property is going to be yours if those people don't pay their taxes. Now, there are some people I'll exaggerate a little bit, some people go home and pray that they don't get paid because they don't want to get the property.

**Chuck:** Speaking of praying, in reality I don't want them to pay I want to get the property.

**Ted:** Okay. Well let me tell you. I've got a friend, okay, he's got a little pizza restaurant. So I dropped by every once in a while and have a little pizza with him. We get to talking, you know, we're having a glass of beer and eating the pizza that he's making. He started talking about tax liens with me so I taught him how to do it. And you're going to be surprised. Now he feels the same way you and I do, if you don't get paid you get the property, right? So let's see what Rocco has to say.

**Rocco:** I bought tax certificates. I paid people's property taxes as they did not pay their taxes. I paid around 6,900 dollars just shy of \$7,000, I got 18% of my money, I just got redeemed in December and I got 1890 dollars back, which is 18% on your money. Where in today's economy of today are you going to get 18% of your money? Not from banks or a mutual fund. It's not going to happen.

**Ted:** Okay. Well, there you have it. This guy is making 18% but he really didn't want to get paid. He got paid but he didn't want to get paid. He tried to get the

property. So you'll develop that same attitude after you do this for a very short period of time.

**Chuck:** Ted, how long have you actually been teaching people this?

**Ted:** Over 20 years now and I've taught thousands and thousands of people. Now we do this in various different ways. Now in the old days we would started with little audio tapes you could stick in your car and then we added manuals and guidebooks to the audio tapes. Today, almost 90% of this training can be done online although we still produce guide books, directories, and manuals so you can do it either way. It's going to be up to you though a lot people use both the online training and physical guidebooks and manual when studying and learning the course.

**Chuck:** All right. I'm a person who is a researcher, detail-oriented. Can you take a moment and guide me through some of the research I should do?

**Ted:** All right. So let's go step by step. So first of all, you have to determine how much money you want to invest. So if you've got 5,000 dollars let's think about buying some properties for ten cents on the dollar. So that's where you want to start. So that's step number one.

Step number 2: Where do you want to buy? I mean, if you're going to buy do you want to buy in bread and butter areas or do you want to buy in the best areas of town? So if you're buying tax lien certificates you might as well but the best area of town because if you get the property you're going to get a real good property so you get the idea there, right? All right.

So the next thing you want to know is are you going to do residential or do you want to do commercial property, what is it you want to do? So you see this is just a step-by-step process. Now, I happen to like people that buy residential land because there's very little bidding. Now, houses, there's a lot of bidding on houses. Why? Because people basically grew up in a house, and our comfortable with houses so they are going to bid on a house. So why don't you be different an bid a little bit of money and buy some residential land and get it for 10 cents on the dollar and then resell it.

**Chuck:** All right. I'll tell you, a lot of people are probably very nervous about that first investment. What's it like for someone the first time?

**Ted:** Oh, boy. I watch people go through all kinds of things. Some people worry so much they chew their fingernails, they're worried, but you know you either have to do something or stay poor. And most of the people that are watching videos like this they don't want to stay poor. And here's a guy that was the same way and he is nervous about buying so he started the way I recommend you start. You should start by thinking about a small investment and see if it works. So why not buy a tax certificate because you invest with the government you're going to get your money back so now you feel good. Now once it happens a few times you'll feel strong then you can graduate and actually buy a tax deed. So, Bill, who I have known for a number of years and he's a nervous investor, very very nervous. He started just the way we talked about. Tax lien certificates and then he graduated to tax deeds. So let's see what he has to say about this.

**Bill:** The first thing I did was I went online and got what was available on the clerk of this county, the clerk of the court sells the property at a deed sale and the research is done at the property appraiser's site and the county clerk site. I went to the auction with a small pile of money, a very small pile of money.

**Ted:** Were you scared?

**Bill:** Surprisingly I was not scared and the reason I was not scared is because the first auction I went to a tax lien auction had kind of gotten the butterflies out of me. I went with a high level of confidence on the second auction and the tax deed sale I bid on several properties most of them got bid up above my threshold and there was one that came up it was a lot in a built up area, I had looked at all the properties that I was bidding in. So this particular property was a building lot right next to a development where there were houses already built and so the bidding started at about 1300 dollar and it bid up to \$2400 and that was my bid and I got it for 2400 dollars.

After the auction, I went out got a for sale sign and I was going to post it on the property and before I got to post that sign I got a call from somebody and they offered to buy it from me for 3500 dollar and I said, well, you know, I just paid

\$2400 for it and you can look that up on the records he knew that, this was a real estate investor so he knew the prices, and I said it's worth 9000 dollars and he said yeah and s we agreed on a 6,000-dollar purchase price in a very short period of time I doubled my money, he got a deal, I got a deal, everybody was happy. I'm also a stock market investor. I have all my retirement money in stocks and bonds.

**Ted:** Oh my goodness. How has that done in the past couple of years?

**Bill:** Well, about a year and a half ago I was sitting pretty. I was thinking, oh boy I'm doing well. And as of right now it's worth half, half of what it was a year and a half ago. Had I and I can't emphasize this enough about putting your IRA money is a safe secure investment as Ted recommends repeatedly that you should do I would still have my initial investment and more. Take your IRA money, put it in a safe secure investment that doesn't go down and I didn't do that. I kept it in my stocks and bonds and lost half of what I had. Had I put it in tax liens even at the modest rate of 8% I could still have all my principal, my entire amount, plus 8% instead on half of what I have now. So, the lesson here for everyone is put your IRA money in a safe secure investment.

**Ted:** Okay, so what do you do? First of all you learn how to do it. That was step number 1. Then he took a little bit of risk not a lot of risk and you don't want to take a lot of risk either so you start small so that it can grow. That is important. So you're starting to see first Bill went and bid at a tax lien certificate auction so he could learn the tax lien certificates process and then he graduated to tax deed auctions where he's actually going to get the property. You see, there are two investment businesses here. You can do both. You can buy tax liens or you can buy tax deeds. But probably the most important thing Bill said is if he had only done this with his IRA which is Individual Retirement Account. Okay, that's a government-protected account where he wouldn't have to pay taxes on all the profits he made. No tax on the profit.

**Chuck:** Let's hold on for a second. I want you to go over that tax-free part again.

**Ted:** Okay. So the government allows people to have a 401K. They allow you to have a pension plan, they allow you to have a profit-sharing plan, and you can also have an IRA, that's an Individual Retirement Account. And so if you have

money in and IRA account and a lot of people do, they've got thousands in there, millions I should say, if you take that money and you buy a tax certificate and it makes money you don't have to pay taxes on that money until you take it out. So that's a good investment and we teach that as part of our materials.

**Chuck:** All right. Now, here's the 64,000-dollar question, I guess. Why is it that everyone doesn't invest in tax lien certificates?

**Ted:** Because they don't want to take the time to get trained.

**Chuck:** Okay.

**Ted:** A lot of people will come and watch this first video, the second video, oh that's too much work, I don't want to do anything, okay. There's going to be 5,000 auctions this year, you could start for 50 dollars, anybody can do this and they could start tomorrow afternoon. They could either buy tax lien certificates or they could buy tax deeds, whichever you prefer. There's going to be thousands of properties. Let me put this slide up again. This is just an auction list from Phoenix, Arizona. There's 27,000 tax certificates in here. I could show it to you on camera but the font is too small, they tried to jam it all in here, okay. This is a list from the County. This is a list of tax lien certificates. These are lists and I'm only showing you a couple of counties. These are lists from different counties in New York State and all these counties.

This county has 300 properties to sell. Some of these properties are going to start at a couple of thousand dollars so there's plenty for everybody, plenty for everybody. There will be five thousand auctions this year.

**Chuck:** Tell me, Ted, what you've taught people for the last 20 years. How can there be enough tax lien certificates? I know you just showed a list that looks like a Sunday paper in a major metropolitan city. This list over here looks like a phonebook. But, can there be enough of these for the small investor like myself? I don't have a lot to invest but I want to take advantage of it.

**Ted:** Right. There's plenty for the small investor. How can I say that? There's 100 million properties in the United States, 100,000,000. Between 2% and 3% of those people won't pay their tax, 3% of 100,000,000 is three million people not paying

the tax. Now, do you think there's enough for you? There's plenty so everybody can get involved.

**Chuck:** Now, what happens to the tax certificates that no one bids on?

**Ted:** This is the secret you want to listen close to. This is where you want to mark down and make your notes because, you see, when these certificates don't sell at the auction, the government will try to sell it a second time and then they'll put it on what they call an assigned list or an over-the-counter list. Just think of all those tax lien certificates that have now gone from auction into an office and you can walk into that office and buy the certificate, no bidding.

**Chuck:** Wait, wait, no competitive bidding.

**Ted:** No competitive bidding. You just walk into the office and say, I want certificate so and so because it didn't sell at the auction. They'll give you a list of all the ones that didn't sell and you could buy any certificate on there, no bidding, so you're going to get the absolute maximum rate.

**Chuck:** That's kind of like over-the counter, right?

**Ted:** Over-the-counter, OTC, over-the-counter. That's exactly what they call it.

**Chuck:** Does the county call them anything else other than over-the-counter?

**Video time: 19 minutes 31 seconds**

**Ted:** Well some people call it assignment purchasing. In other words the property was assigned from the auction is now assigned to the local government.

**Chuck:** Now, in the last lesson, we asked you to type your questions in the comment box for Ted, America's Tax Lien Certificate and Tax Deed Authority to answer. Ted, are you ready for some questions?

**Ted:** Let's go for it.

**Chuck:** All right. Let's go out to Tulsa, Oklahoma for our first one. Isn't the county or municipality required or obligated to find the property owner?

**Ted:** Well, absolutely, yeah. What the county is going to do is they're going to send registered letters to every owner that's in the tax default. They're going to send them a letter and they only send so many of those letters. If you go the file at the county you could see some time a half a dozen letters. They notify everybody.

**Chuck:** All right. And our second one is, are all tax lien auctions the same?

**Ted:** All tax lien auctions are different. You don't know until you go there or until you get the government rules. So if you're going to do it online we're going to teach you online, first thing you do is you get the rules for the auction so you know the step by step that they're going to use and the bidding process they're going to use, and that's how you do it online.

Offline you'll do the same thing except you'll get a physical document like this one and the center of the document you will see the rules written up. So, every county has its own set of rules. You need to treat each county differently.

**Chuck:** I knew this one was coming. If it's so good why haven't I heard about it before?

**Ted:** Okay. This is not unusual for people not to have heard about this auction. So let's review it. Brokers don't sell tax lien certificates because they don't earn a commission, bankers don't tell you about it because they want you to keep money in the bank. Okay, financial planners won't tell you about it because they don't earn any commission on it. So the way the United States works and our democracy works and our business system works is people have to get paid or they're not going to tell you anything.

So I'm here to tell you I'm an educator, you can't buy these from me, you need to buy them from the government. All I do is teach you how to do it, I'm not going to take any of your money. So, I'm going to teach you to invest with the government and I'm going to teach you to get the check back from the government. So the reason that he doesn't know about it and many of you don't know about it is because everybody has to earn a commission. So they're not going to tell you about it. I'm an educator, that's what I do. I tell people about this and I've been doing it for more than 20 years.

**Chuck:** Are you talking about taxes on a house, an office building, or is this personal property?

**Ted:** Well, I was going to say all of the above but that wouldn't have been the right answer. This is not on personal property. This is a property tax, it's not a value added tax, it's not a sales tax, it's not income tax. This is a tax on the actual property. Every property in North America has a tax on it, okay. The beauty of knowing that there's a tax on it is now you can find out the value and we can show you with this computer tablet online how you can access 100,000,000 properties by going directly to the county records. We have property directories all set-up and we can show you step by step how to evaluate the property and when you finish evaluating the property how much the tax will be that you're going to pay.

**Chuck:** I know you love skeptics so I'm going to give you another one here. I don't think anyone will believe a 25% return. Are you sure you're giving accurate data?

**Ted:** Well, let's face it. Twenty-five percent return sounds like it's too high but it's really higher than that. Because the 25% is for 6 months. So in Texas if you bought today and you held the property for 6 months they could come in any day in 6 months' time and pay you. If it goes into the 181st day you're going to get the property. But there are certain cases where a property is a farm property if you go into the next 6 months and you could earn another 25%. So you actually could earn up to 50% in the state of Texas.

**Chuck:** Wow! When I hear people say this is just another scam, why should I believe this works?

**Ted:** Well, you shouldn't believe it. You shouldn't believe it at all. What you really need to do you need to think about this. You need to think about everything that Ted is saying is verifiable and you can verify it by calling your local county and find out whether they sell tax liens or tax deeds and they will tell you yes if you get to the right person. So, everything I've told you is the law and it has been the law for over 200 years.

**Chuck:** Wow. All right, Ted. We're at the end of lesson number two right now. In lesson three, Ted's going to go deeper into investing and tax deeds. So don't

forget, if you have a question or a comment that you want answered, something we haven't spoken about or something Ted hasn't mentioned in the video, all you have to do is put your questions in the comment box and Ted will get to them in our next lesson, or we we'll answer them on the webpage and also email you the answer.

So things are moving along great. I'm learning so much I'm just so excited I can't wait for lesson number three that concludes lesson number two. We'd like to thank you for your time today and be looking for that email that's going to be in your inbox for the next lesson, lesson number 3. For Ted Thomas, I'm Chuck Bennett. Have a marvelous day.

**Successful student:** For me, personally, what I really enjoy is listening to other people's experiences because like I think what the presenter said, 'you learn something with every deal'. If I can be picking up nuggets from people who've done different types of deals then that puts me ahead of the game.

[See the next video: Live Tax Auction](#)