

John Lee Pryor

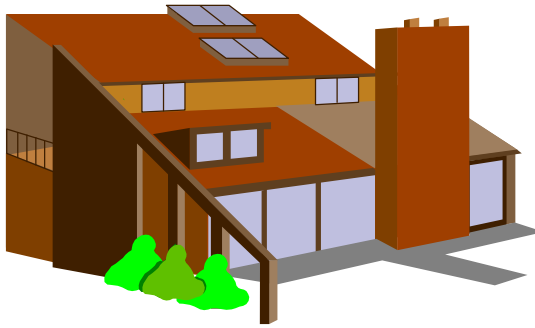


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How to Live Rent-FREE



49 Alternatives to Paying Rent or a Mortgage

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*How to Live Rent-Free*_____

How to Live ***Rent-Free***

**49 Alternatives to Paying
Your Rent or a Mortgage**

By John Lee Pryor

ASK Publishing Co., Los Angeles, CA

*How to Live Rent-Free*_____

What This Book Does for You

READ THIS FIRST!

This book will show you various methods that are being used by creative people so that they can live rent-free. This book should open your mind to the many possibilities that you could use to also live rent-free.

When we talk about *rent* per se we are actually referring to any and all forms of payment that people typically make in order to have a roof over their heads. *Rent* in some form or another is so deeply engrained into our psyche that we just accept that if we are going to have a roof over our heads that we will have to come up with a certain amount of money each and every month.

This book will show you various methods that you could use to start actually living rent-free. Some of these ideas you could begin to implement immediately. Some of these methods will just enable you to avoid paying rent for a brief period of time. Some methods will enable you to actually travel, go where you want to go and find alternatives to paying money to stay in hotels, motels or other temporary lodging. Other methods will show you how to supplement your rent or even free you from ever having to pay *any* rent or a mortgage out of your own pocket again.

This book will even show you how you can acquire or buy real estate for no money out of pocket. (I didn't say no money down) I said NO MONEY at all (at least no money out of *your* pocket_ EVER! You also will learn how to start, run and operate a rent-free commercial business. If you need a shop or store to sell your wares or commercial office space then you'll see how others get it rent-free and how you could do the same!

It doesn't matter whether you are rich, poor, somewhere in between or even completely flat broke and homeless, you'll learn how you can live anywhere at all, even the most exclusive neighborhoods... RENT-FREE!

-John Lee Pryor

Testimonials:

"Thanks to you I am now living rent-free in a \$245,000 home that I just bought! I also bought a copy of your book to give to my relative's who said they're going to be in the streets if I don't let them come and stay with me." – G. Howard

"Wow! I never thought this would work for me but guess what... I had a \$1375 per month mortgage and was struggling to pay it, but now, thanks to you...I'm paying ZERO per month! Thanks!" - D. Liddy

I was paying \$440 per month. I earned too much money for low income housing, but now I live rent-free! – B. Johnson

"I started my business and used your advice to set it up so that I would earn enough to pay my lease every month rather or not I got even one customer. Great stuff." – M. Hsu

"I'm a real estate broker, I read your book because a client told me about it, at first I thought that you were making a lot of exaggerated claims and I wanted to discredit it. To my surprise, everything you say makes sense and I suppose that it really is possible if someone uses the strategies you laid out in the book. Good work." – M. Browning

"Thanks for showing me how to stop paying rent!" It works – C. Hoq

How to Live Rent-Free

For most people, the largest recurring expense is their monthly rent or mortgage payment. This book is about how anyone can easily eliminate that expense completely. It doesn't matter whether you are renting, leasing or buying, there are ways to effectively reduce and even eliminate these payments completely.

What This Book Does for You

Read This First!

About The Author

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Why you might consider rent-free living.

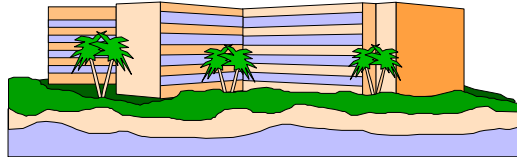
- ◆ It's like getting a pay raise
- ◆ Eliminate your biggest monthly expense
- ◆ Could use this money for other things

Consider how much money you could save in a short time if you just didn't have to pay it out in rent. The mere fact that you have been paying it out in rent is evidence that you could also save it towards some other purpose if you were able to get rid of the rent burden for awhile.

MONTHLY RENT	X 6 Months	X 1 Year	X 2 Year
300	1800	3600	7200
400	2400	4800	9600
500	3000	6000	12000
600	3600	7200	14400
700	4200	8400	16800
800	4800	9600	19200
900	5400	10800	21600
1000	6000	12000	24000

CHAPTER I

RENT-FREE (residential)



There are a number of ways that you could obtain free rent. I shall list some of them below.

Get others to pay your rent for you

- Roommates
- Subletting
- Rent in Commercial District
- Billboards
- Resident Agent
- Mailing address rental
- Reverse Mortgages
- Partitioning
- Creative Leasing

(More on these methods later)

LIVING RENT-FREE

With a little bit of creativity there are a number of ways that you could live rent-free. One of the keys to living rent-free is to understand the concept of mutual benefit. This concept and why it works is discussed in detail in my book *“How to Get ANYTHING Free!”* That book also discusses the art of effective communication and other things you’ll need to know to make some of these strategies work effectively.

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As with many other things that you may want, you have to first look at the facts surrounding the situation. Then you can come up with a way that you can get what you want at the same time that you offer some *benefit* to someone else. For example, suppose that you own a home and decide that you would like to live rent-free. The bottom line is that your mortgage *must* be paid every month as per the agreement that you signed.

There is no way that you can get your lender to allow you to not pay the rent permanently. However, you can in fact get them to allow you to stop paying the rent temporarily. This is called a moratorium of payments. That's when the lender agrees to allow you to suspend all payments for a time. This could be from as little as one month to as much as 6 months to a year.

Have Someone Else Pay Your Mortgage

Another way of living rent-free is to get somebody else to pay your rent or mortgage for you. You probably can't do this by putting an ad in the paper asking for some generous individual to pay your rent/mortgage for you. However, you can create a situation wherein you appeal to somebody's self-interest and get him or her to pay your mortgage in exchange for some direct benefit to them. I'm going to show you a number of innovative and creative ways to get others to pay your rent or mortgage for you.

The most common way of doing this is by taking on a tenant or several tenants and thereby collecting enough money from them to make your entire mortgage payment. You could either rent out an extra or spare bedroom or create additional rental unit(s) on your own property.

This does not have to be as bad as it sounds. You might not want to share your home with a stranger just to bring in money but there are other ways of doing this. If your home is built in such a manner that this is feasible, you could alter it in such a way as to create completely separate living quarters for a tenant. A back room could be blocked off and given a separate entrance. You could share the bathroom by putting secure doors on both sides so that both you and the tenant could lock the other person out

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when you're in the bathroom. Or you could have a separate bathroom installed for the separate living quarters you create.

If you have a separate, detached garage it could be converted into a separate living quarter. Many people have done this and bring in enough money from their one or two rental units to pay their entire mortgage. Essentially they live "rent free" or at least make the place more affordable.

Another viable option would be to purchase a house that already has an attached rental unit or two. If you have the room on your property you could even build a duplex or triplex very inexpensively. The income from these units could pay your entire mortgage for both the house you live in and the attached units.

It is not a bad idea for first time homebuyers to look for a duplex rather than their true dream home. Generally, the market price of a duplex will not vary greatly from the price of a single family home in the same area. Each unit of a duplex may be smaller than comparably priced single family homes. One advantage of this is that in the right neighborhoods you can find a duplex whereby one of the units can be rented out to bring in enough money to pay the entire mortgage (or most of it) for both units. You could live in one unit and rent the other one out thereby living "rent free".

Although a triplex or a four-plex can obviously bring in even more rental income, a duplex is advisable for most people. A duplex is advisable because the sales price and the mortgage on a duplex may not be that much more than the sales price and mortgage on a single family home. It is a good idea to buy something that you know that you could easily pay the entire mortgage on in case your tenant decides to stop paying or becomes unable to continue. A duplex would give you the peace of mind of knowing that you can still cover the entire mortgage until you are able to get your deadbeat tenant out.

I know of a homeless man who used his GI bill to buy his first home with no money down. He bought a duplex and rented one unit out while he lived in the other unit. Although the man had no real income and prior to this had

been homeless, the rent he received from his tenant was enough to pay his entire mortgage and related housing expenses. By doing this he was able to live rent-free. This is done all the time. It usually will not be the nicest places in the "best" neighborhoods but you can find these type of deals if you look for them. In some cases you might have to live in the smaller unit and rent out the larger or primary unit in order to bring in the maximum rent. But if your goal is to live rent-free then this is one simple way to do it.

You'll find more on this idea in the section entitled *the proxy-investor strategy*.

CREATIVE ROOM-MATE STRATEGY

Another creative method of living rent-free is to rent out a portion of a unit that you control as the primary occupant or tenant. One enterprising college student, Karen, used this method to live rent-free in a nice 3 bedroom house in an expensive part of town. Using her parent's income and their credit she signed the lease on a large luxury unit apartment. Then she ran ads for roommates in the campus newspaper. She put two beds in two of the bedrooms and rented them out for \$250 apiece. She soon found 4 other students who were willing to pay the \$250 per month rent.

The monthly rent on the apartment was \$1000 based upon her 2-year lease. The apartment complex had all the luxury accommodations and amenities one could ask for. Central air; indoor pool; Jacuzzi; clubhouse; laundry facilities; weight room; balconies; very large bedroom and a huge living room. This was a prestigious address and a popular and exclusive neighborhood. Her roommates jumped at a chance to live in a place like this for just \$250 per month.

Later, one of her roommates tried to challenge the fact that she was living rent free although she was the only roommate who had her own room. She merely reminded the roommate that she had explained the living arrangements to each tenant before they moved in. Each tenant would share a room at \$250 apiece and she would have her own room. The fact that the money from the other 4 tenants covered *all* the rent was really not even their business. The apartment was *hers*, it was in *her* name only and nobody forced any of them to take the deal.

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When she put it like this the roommate quickly changed her tone and backed off from ever questioning the arrangement again. There was a waiting list to get apartments in this building and Karen would have had no problem replacing any tenant with other suitable tenants.

This method works best in big houses that have lots of space and a number of rooms that can be rented out. Some old houses can easily be converted into separate living quarters. All you would need is a sturdy lock on each door. You rent the units out as bachelor apartments. A big, older 5-6 bedroom house could easily earn enough money to pay the rent or mortgage. Just rent out 4-5 of the rooms while you live in one too. Each room could rent for from \$150 to \$350 a month or more depending upon where it is located and what the local rental market will bear.

A single room in a nice neighborhood and in a nice house with a pool, Jacuzzi, prestigious address, etc. can easily rent for \$500, \$700 even \$800 to \$1000 a month or more. In really exclusive neighborhoods they can go for much more than that. There are a lot of people who earn good incomes and can pay whatever the market demands but they prefer to live a carefree and transient life and are willing to pay big for the privilege.

If you don't want a bunch of strangers traipsing around in your house then there are other ways to make this work and still retain your privacy. One way would be to divide your portion of the house from the portion that you rent out and provide the tenants with their own bathroom facilities. A kitchen is not necessary because each room could come equipped with a hot plate and a miniature refrigerator that you could pick up real cheap if its used.



If you are free to move frequently, have few belongings and are determined to do so, you can live rent-free for as long as you want, by becoming a “house sitter”. A house sitter is like a baby sitter that occupies, watches, guards and/or shows a home to prospective buyers in exchange for free rent.

Many people do this and have been doing it for years. It goes back to what I discuss in my book “How to Get ANYTHING Free” about Bartering. You agree to “house-sit” in exchange for free rent. Many house sitters even get paid to house sit. In fact, I would say that a fee agreement or other additional perks is more the norm than the exception. There are even reputable, bonded agencies that specialize in providing house sitters for a fee. The average length of stay for house-sitting arrangements is 4 to 6 months and sometimes much longer!

There are a number of ways that you could get a house-sitting arrangement.

- You can post an ad or bulletin at senior centers and other locations to advise of your interest.
- Work through a house-sitting agency. (Caution: some of them want you to pay, although it's always much less than market rent. The money, ALL of it usually goes in *their* pocket. You can do this on your own, cut out the

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middle-man, deal directly with the realtor, bank (on bank-owned property) or traveling home-owner.

- You can advertise yourself as a house-sitter using the following methods. Remember, all you need is one *client* at a time to live rent-free.
 - a. Classified ads
 - b. Flyers to realtors
 - c. Personal contacts, networking
 - d. Ads on the Internet

<i>Benefits to property sellers, Realtors and homeowners</i>

House-sitters:

- ♥ House sitters act as live-in security guards and can be instructed on short notice to prepare to allow prospective buyers inside the property and to give them a tour.
- ♥ Do all the housework while the owner is away such as; vacuuming, cleaning, polishing, shining, waxing, washing, etc...Plus maintain the grounds; gardening, mow the lawns, water the garden, etc...
- ♥ If the owner has pets, you can ensure that they are fed, watered, and walked as necessary.
- ♥ If you have a vacant property for sale, they stage it to look more like a model home.
- ♥ Transform their vacant listing into a "Model Home" that will be a pleasure for Realtors to show. No need to preview or worry about how the house will show. Home sitters can keep the home clean, neat and ready to show at all times.
- ♥ Many insurance companies will deny claims on vacant properties or cancel coverage completely until it is occupied. House sitters solve this problem.
- ♥ Home sitters and interior decorators can turn an empty house into a "home". This creates a warm and hospitable home environment instead of a cold and unemotional property.

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- Utility, maintenance and minor repairs fees can be paid by house sitters, and HomeOwners Association dues can even be covered as well (up to a specific amount).

“On The Market” - Home Sitters unique home sitting service has been featured on Channel 8 News, on WMAL Newstalk 630 AM, in the Washington Business Journal, the Northern Virginia Association of Realtors Update Magazine, the Times Community Newspapers, The Journal, the Small Business News and in Long & Foster Newsletters.

For more information about this check an Internet search engine such as www.ask.com and type in the two words house sitter or house sitting service If you add your city or state you may get house sitters or house sitter services in your own area. Once you see what others are doing you'll have a better idea on just how you could do this yourself.

Sharice

I know a girl who enjoyed a house-sitting arrangement for about 8 months. She was 19 at the time and learned via a friend that a wealthy couple was looking for a trusted person to live in one of their houses, watch it, and feed their cat while they went on an extended stay in Europe. She didn't have to worry about food; electricity; gas or phone bills. The couple made sure that she was taken care of and comfortable so that she would stay home as much as possible while they were away. As an incentive they promised her a possible bonus as long as everything went smoothly. The deal worked out for everyone and she was able to live rent-free in a luxurious Malibu estate for about 8 months.

This type of situation occurs frequently with wealthy property owners, especially those who own several homes on different parts of the world. They often want access to their property whenever they want it and don't want to put real tenants in them. Some of them, if they can find the right person, will let the same tenant live rent-free in their summer or beach home during the winter and will relocate

and swap them back to their winter home during the summer. It is worthwhile to the super rich to have people living in their homes and cottages while they are away for security purposes as well as basic property upkeep.

CONDO CONVERSIONS

Another creative way to live rent-free is with the condo concept. Real estate investors invented the condominium-condo for short, because they saw the need to satisfy the people who enjoy living in an apartment house but who would also like to have the following:

1. A piece of real estate they can actually own
2. The tax advantages and deductions of owning real estate
3. Opportunity to benefit from the steadily rising real estate values
4. The advantage of knowing that eventually they will pay off the real estate and live rent-free or be able to sell it and collect whatever equity has accumulated.

RENTING CONDOS TO SUBLET



Another good method of living rent free is to simply rent or lease a number of under-priced units then sublet or re-rent them to others for more than you yourself are renting them for.

You could do this with apartments or with condo's although it might be easier dealing with condo's than with apartments. In order to do this you need to make sure that

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you have the legal right to sublet the places that you rent. All this really means is that you apply for rentals in your name, sign the lease, get the keys then sublet or re-rent them to someone else.

If you have a hot area then you could actually locate prospective sublease tenants before you even close the deal for the initial rental. You do this by just doing your own aggressive marketing and putting the word out that you have places to rent at these desirable locations. Get name and phone numbers of interested prospects who are ready, willing, and able to move as soon as you close the deal for the rental (or before).

The most important thing is to make sure that your lease agreement does not forbid you to sublease to another tenant.

Theresa

Theresa rented a condo for herself in Florida and then found out, two weeks later that she could sublet the condo for a profit of \$200 per month.

She then did a little research of the rental market in her area by reading rental ads saying Apartments wanted and apartments available. She soon concluded that she could make money by subletting other condos. A day later she was in a new business.

Within a week she had rented and then sublet five condo apartments. Her income rose by \$1000 per month with no ownership responsibilities. The \$1000 a month was more than enough to pay for her own unit, which allowed her to live rent-free. All that she had to do was collect rent from 5 tenants, deduct her \$200 profit from each rent then send the balance to the condo owners.

In this example Theresa really had no management hassles. These remained with the property owners. Theresa herself was still just a tenant at six separate condos. If something needed to be fixed or repaired, her tenants would call her then she would just call the owner and let them take care of it.

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If you should decide to use this method you have to make sure that subletting is permissible.

Important Facts about Subleasing

I will give a brief overview regarding the concept of subleasing. These are issues that you will want to think about if you should decide to seriously consider this option.

Definition of Terms

Sublease: The lease between the sublessor and the subtenant

Subleasee/Subtenant: The individual who will be moving into the unit. (To keep this as simple as possible, we're going to call the tenant you rent to the *subtenant*.)

Sublessor: The individual who will be moving out of the unit (you).

Landlord: The individual who owns the unit.

Master Lease: The original lease between the sublessor and the landlord.

What is a Sublease?

A sublease is a contractual agreement transferring some of the original tenant's rights to a new tenant. In exchange for these rights the new tenant promises to fulfill certain obligations: pay rent, maintain the rental unit, pay utilities, etc. As with other rental agreements, sublease agreements should be in writing.

As a Sublessor you must remember this:

A) You cannot sublease your unit without the landlord's approval.

B) A lease is a binding contractual agreement. Your obligation to the landlord does not terminate just because you moved out. As the sublessor you are still the primary party responsible for the unit that you sublet.

C) You and the landlord must both make a reasonable effort to re-rent the unit when the tenant (or subtenant) moves out. This is known as mitigation of damages, and if it

is not done the landlord or the sublessor loses the right to collect rent.

Sublessor Responsibilities

The original tenant, or sublessor, becomes, in effect, a landlord to the new tenant. The sublessor is responsible for providing the new tenant, or subtenant, with a healthy, safe, and suitable living environment. At the same time the sublessor is still responsible for upholding the tenant responsibilities specified in the original lease, such as: making sure that the rent is paid in full and on time; the rental unit is maintained and not abused and that the neighbors are not disturbed.

Most leases make the landlord's written permission a prerequisite for subleasing. Such a requirement also implies that the landlord will not unreasonably deny a subleasee or subtenant and will not, in absence of a clause stating otherwise, charge an additional fee for giving permission to sublease.

Subtenant Responsibilities

The subleasee or subtenant promises to take on certain responsibilities in exchange for the right to use the dwelling unit. Usually the subtenant makes the same promises to the sublessor that the sublessor made to the landlord in the original lease.

Avoiding Problems

Sublessors can avoid problems by taking a number of precautions. They should:

- Make sure that the landlord and you are in agreement with what you're planning to do.
- Check out prospective subtenants. Ask for references if you don't know them.
- Confirm all prospective subtenants with the landlord.
- Be reachable by both the landlord and subtenant.
- Ask for a deposit at least as large as your deposit that is being held by the landlord. The deposit should be kept in separate account from your own money.

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- Use an Inspection Report before and after the sublease term to verify any damage done by the subleasee and make the appropriate deductions from the deposit. An itemized list of deductions and the remainder of the deposit must be returned within 30 days after the sublease agreement is terminated.
- You should periodically check with both the landlord and the subleasee to make sure there are no problems.
- Treat this like a business. Be professional, you are the tenants sub-landlord now.
- The sublessor may agree that the subtenant will pay no deposit, in which case the sublessor's deposit with the landlord covers both the sublessor and subtenant for the duration of the contract. A third option could be for the landlord to refund the sublessor's deposit and collect a new deposit from the subtenant. If you don't want to get the primary landlord involved then this would not be a good option.

An **Inspection Checklist** should be used during the inspection of the unit between tenancy of the sublessor and subtenant. If the landlord is not willing to do an inspection, the procedure may be done anyway with a witness present. The inspection does several things:

- It protects the sublessor. If damages should occur after his/her tenancy, proper restitution can be made.
- It protects the subtenant by indicating any damage done by the sublessor, protecting the subtenant's deposit.
- Finally, it is a written record of the condition of the rental unit, which can then be filed with the landlord.

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HUD PROGRAMS

Another method of living rent-free is by using some of the government's rent subsidy programs. The department of Housing and Urban Development (HUD) administers several programs designed to assist low to moderate income persons with housing issues.

Contact the web site below or your local HUD office for specific info on the rental government programs that will provide free rent for low-income tenants.

<http://www.hud.gov/fedrent.html>

HUD funds several rental assistance programs:

- Public housing is low-income housing, that is actually operated by your local housing authority
- Privately owned subsidized housing, where the government provides subsidies directly to the owner who then applies those subsidies to the rents he/she charges low-income tenants
- Other affordable housing programs, such as HUD's HOME program, provides grants to state and local governments which may use them to offer rental assistance
- Other federal rental programs: In rural communities, the Department of Agriculture provides rental assistance programs, home improvement and repair loans and grants, and self-help housing loans to low income individuals and families. You can find out more about these programs by visiting the Rural Housing Service web site or by contacting your local Rural Development office (check the Federal Government section of your telephone book).

To be eligible for most programs, your income must be at or below the maximum established for your area. If you want to apply for public housing or Section 8 certificates or vouchers, you must go to your housing authority.

If you want to apply for housing in a privately owned dwelling, you will have to visit the management office for

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that site. You can get a listing of the privately owned subsidized housing sites in your area by contacting your local HUD office.

To apply for public housing or Section 8 certificates or vouchers: You must go to your housing authority. Each housing authority has a system for accepting applications. They can tell you what their system is and the steps you will need to take. There are waiting lists, and sometimes those waiting lists can be very long. But call the housing authority to find out. The sooner you apply, the sooner you can get help. To be eligible for most programs, your income can be no higher than the limit for your area.

To apply for housing in a privately owned dwelling: You will have to visit the management office for that site. To be eligible for this program, your income can be no higher than the limit for your area.

To find out if your state or local government offers any rental assistance programs: You can contact the HOME program coordinator for your area. Or call your local Housing and Community Development Office.

To be eligible for HOME rental assistance, your income can be no higher than the limit for your area.

Section 8-program fact sheet

(RENTAL VOUCHERS AND RENTAL CERTIFICATES)

WHAT ARE SECTION 8 RENTAL VOUCHERS AND RENTAL CERTIFICATES?

The Section 8 rental voucher and rental certificate programs are the federal government's major programs for assisting very low-income families, the elderly, and the disabled to rent decent, safe and sanitary housing in the private market. Since the rental assistance is provided on behalf of the family or individual, participants are able to find and lease privately owned housing, including single-

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family homes, townhouses and apartments. The participant is free to choose any housing that meets the requirements of the program and is not limited to units located in subsidized housing projects.

Section 8 rental vouchers and rental certificates are administered locally by public and Indian housing agencies (HAs). The HAs receive Federal funds from the HUD to administer the Section 8 programs. A family is issued a rental voucher or certificate and is then responsible for finding and selecting a suitable rental unit of its choice, which may include its present unit. Rental units must meet minimum standards of health and safety, as determined by the HA. A rental subsidy is paid directly by the HA to the landlord on behalf of the participating family. The family then pays the difference between the actual rent charged by the landlord and the amount subsidized by the program.

AM I ELIGIBLE?

Eligibility for a rental voucher or certificate is determined by the HA based on the total annual gross income and family size and is limited to U.S. citizens and specified categories of non-citizens who have eligible immigration status. In general, the family's income may not exceed 50% of the median income for the county or metropolitan area in which the family chooses to live. Median income levels are published by HUD and vary by location. The HA serving your community can provide you with the income limits for your area and family size.

During the application process, the HA will collect information on family income, assets and family composition. The HA will verify this information with other local agencies, your employer, and bank and will use the information to determine program eligibility and the amount of the rental assistance payment.

If the HA determines that your family is eligible, it will put your name on a waiting list, unless it is able to assist you immediately. Once your name is reached on the waiting list, the HA will contact you and issue to you a rental voucher or certificate.

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HOW DO I APPLY?

If you are interested in applying for a rental voucher or a certificate, contact your local HA. For further assistance, please contact the HUD Office nearest to you.

FEDERAL PREFERENCES AND WAITING LIST - WHAT ARE THEY AND HOW DO THEY AFFECT ME?

Since the demand for housing assistance often exceeds the limited resources available to HUD and the local housing agencies, long waiting periods are common. In fact, an HA may close its waiting list when it has more families on the list than can be assisted in the near future.

In selecting a family from its waiting list, an HA may give preference to a family who is:

- Homeless or living in substandard housing
- Paying more than 50% of its income for rent
- Involuntarily displaced.

Families who qualify for these preferences will move ahead of other families on the list who do not qualify for any preference. Each HA has the discretion to establish other additional preferences to reflect other needs of its particular community.

RENTAL VOUCHERS AND RENTAL CERTIFICATES -- WHAT ARE THE DIFFERENCES AND HOW DO THEY FUNCTION?

The Section 8 rental voucher and rental certificate programs each place the choice of housing in the hands of the individual family. A very low-income family who has been selected by the HA to participate is encouraged to consider several housing choices to secure the best rental housing for its needs.

The rental unit must meet an acceptable level of health and safety before the HA can approve payments to landlords under the rental voucher and certificate

programs. When the rental voucher or certificate holder finds a unit that it wishes to occupy and reaches an agreement with the landlord over the lease terms, the HA must inspect the dwelling and review the lease for approval. A rental voucher or certificate holder is also advised of the unit size for which it is eligible, based on family size and composition, and the applicable rent levels.

Under the rental certificate program, the rent for the unit usually may not exceed a maximum rent, determined by the HA, based on HUD standards established for each county and metropolitan area. The maximum rents are adjusted on a periodic basis to keep pace with increased costs of rent and utilities. Most rental certificate holders must lease a unit in which the total rent including utilities does not exceed the maximum rent. The rental certificate holder generally pays 30% of its monthly-adjusted income towards the rent and utilities.

In the rental voucher program, the HA determines a payment standard which is used to calculate the amount of rental assistance a family will receive, but does not affect the amount of rent a landlord may charge or the family may pay. A family that receives a rental voucher can select a unit, which rents below or above the payment standard. The rental voucher family must pay more than 30% of its monthly-adjusted gross income for rent and utilities if the unit rent is greater than the payment standard. However, the family would pay less than 30% of its monthly-adjusted gross income if the total rent was less than the payment standard.

FAMILY SHARE OF RENT VERSUS THE RENT SUBSIDY:

In the rental certificate program, a family generally pays either 30% of its monthly adjusted gross income, 10% of its monthly gross income, or its welfare rent payment toward rent, whichever is greater. The family's share of the rent is calculated by the HA, but the family pays that amount to the landlord. In turn, the HA pays the remainder of the rent directly to the landlord. The family's rent share

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changes when its income or family circumstances change, while the HA rental assistance varies according to the actual rent.

Under the rental voucher program, a family may choose a unit that rents for more than the payment standard and may pay more or less than 30% of its monthly-adjusted gross income for rent. The HA calculates the maximum amount of rental assistance allowable, which is the difference between the payments standard and 30% of the family's monthly adjusted gross income, and pays rental assistance. The amount of rental assistance paid by the HA changes with the payment standard while the amount the tenant pays varies with the actual rent. For example, if a family locates a unit that rents below the payment standard, the family would pay less than 30% of its monthly-adjusted gross income for rent. On the other hand, if a family decides to rent a unit above the payment standard, it would pay over 30% of its monthly-adjusted gross income for rent. The family's rent share also changes when its income or family circumstances change.

CAN I MOVE AND CONTINUE TO RECEIVE SECTION 8 RENTAL ASSISTANCE?

A family's housing needs change over time with changes in family size, job locations, and for other reasons. The rental voucher and rental certificate programs are designed to allow families to move without the loss of rental assistance. Moves are permissible as long as the family notifies the HA ahead of time, terminates its existing lease within the appropriate provisions, and finds acceptable alternate housing.

Under both the rental voucher and certificate programs, new rental voucher- and certificate-holders may choose a unit anywhere in the United States if the family lived within the jurisdiction of the HA issuing the rental voucher or certificate when the family applied for assistance. Those new rental voucher- and certificate holders not living within the jurisdiction of the HA at the time the family applies for rental assistance must initially

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lease a unit within that jurisdiction for the first twelve months of assistance. A family that wishes to move to another HA's jurisdiction must consult with the HA that currently administers its rental assistance to verify the procedures for moving.

ROLES - THE TENANT, THE LANDLORD, THE HOUSING AGENCY AND HUD

Once an HA approves an eligible family's lease and housing unit, the family and the landlord sign a lease and, at the same time, the landlord and the HA sign a housing assistance contract which runs for the same term as the lease. This means that everyone -- tenant, landlord and HA -- has obligations and responsibilities within the rental voucher and certificate programs.

Tenant's Role: When a family selects a housing unit, and the HA approves the unit and lease, the family signs a lease with the landlord for at least one year. The tenant may be required to pay a security deposit to the landlord. After the first year the landlord may initiate a new lease or allow the family to remain in the unit on a month-to-month lease.

When the family is settled in a new home, the family is expected to comply with the lease and the program requirements, pay its share of rent on time, maintain the unit in good condition and notify the HA of any changes in income or family composition.

Landlord's Role: The role of the landlord in the rental voucher and certificate programs is to provide decent, safe, and sanitary housing to a tenant at a reasonable rent. The dwelling unit must pass the program's housing standards and be maintained up to those standards as long as the owner receives housing assistance payments. In addition, the landlord is expected to provide the services agreed to as part of the lease signed with the tenant and the contract signed with the HA.

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Housing Authority's Role: The HA administers the rental voucher and certificate programs locally. The HA provides a family with the rental assistance that enables the family to seek out suitable housing and the HA enters into a contract with the landlord to provide rental assistance payments on behalf of the family. If the landlord fails to meet his/her obligations under the lease, the HA has the right to terminate assistance payments.

HUD's Role: To cover the cost of the program, HUD provides funds to allow HAs to make housing assistance payments on behalf of the families and HUD pays the HA a fee for the costs of administering the program. When additional funds become available to assist new families, HUD invites HAs to submit applications for funds for additional rental vouchers and certificates. Applications are then reviewed and funds awarded to the selected HAs on a competitive basis.

ADDITIONAL INFORMATION AND OTHER SUBSIDY PROGRAMS

For additional information about the rental voucher and certificate programs, contact either the local HA serving your community or the Office of Public Housing within your local HUD office. There may be a long wait for assistance under the rental voucher and certificate programs. If the HA also administers the public housing or Indian housing programs, applicants for the Section 8 program may also ask to be placed on the waiting list for the public or Indian housing program.

HUD also administers other subsidized programs and you may obtain a list of projects in your area from the Office of Housing in the HUD office located in your state. Under the HUD administered programs families apply directly to the owner or management agent of the subsidized property.

LIST OF ADDRESSES AND TELEPHONE NUMBERS FOR OFFICES OF PUBLIC HOUSING

ALABAMA

Alabama State Office
Beacon Ridge Tower
600 Beacon Parkway West
Suite 300
Birmingham, AL 35209-3144
(205) 290-7601

ALASKA

(See the Washington State Office)

ARIZONA

Arizona State Office
Two Arizona Center
400 North 5th Street, Suite 1600
Phoenix, AZ 85004-2361
(602) 379-3045

ARKANSAS

Arkansas State Office
TCBY Tower
425 West Capitol Avenue, Suite 900
Little Rock, AR 72201-3488
(501) 324-5933

CALIFORNIA (NORTHERN AREA)

California State Office
450 Golden Gate Avenue
P.O. Box 36003
San Francisco, CA 94102-3448
(415) 556-1726

CALIFORNIA (SOUTHERN AREA)

Los Angeles Area Office
1615 West Olympic Boulevard
Los Angeles, CA 90015-3801
(213) 251-7187

CALIFORNIA (EASTERN AREA)

Sacramento Area Office
777 - 12th Street, Suite 200
Sacramento, CA 95814-1997
(916) 498-5270

COLORADO

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Colorado State Office
First Interstate Tower North
633 - 17th Street
Denver, CO 80202-3607
(303) 672-5376

CONNECTICUT
Connecticut State Office
330 Main Street, First Floor
Hartford, CT 06106-1860
(203) 240-4556

DELAWARE (See the Pennsylvania State Office)

DISTRICT OF COLUMBIA
(Includes the Washington, DC Metro
Areas in Maryland and Virginia)
820 First Street, NE
Washington, DC 20002-4205
(202) 275-7965

FLORIDA
Florida State Office
Southern Bell Tower
301 West Bay Street, Suite 2200
Jacksonville, FL 32202-5121
(904) 232-2357

GEORGIA
Georgia State Office
Richard B. Russell Federal Building
75 Spring Street, SW
Atlanta, GA 30303-3388
(404) 331-4815

HAWAII
Hawaii State Office
Seven Waterfront Plaza
500 Ala Moana Boulevard, Suite 500
Honolulu, HI 96813-4918
(808) 522-8185

IDAHO (See Colorado State Office)

ILLINOIS
Illinois State Office
Ralph H. Metcalfe Federal Building
77 West Jackson Boulevard
Chicago, IL 60604-3507
(312) 353-1915

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INDIANA

Indiana State Office
151 North Delaware Street
Indianapolis, IN 46204-2526
(317) 226-7018

IOWA

Iowa State Office
Federal Building
210 Walnut Street, Room 239
Des Moines, IA 50309-2155
(515) 284-4840

KANSAS (INCLUDES WESTERN MISSOURI)

Kansas/Missouri State Office
Gateway Tower II
400 State Avenue
Kansas City, KS 66101-2406
(913) 551-6916

KENTUCKY

Kentucky State Office
601 West Broadway
P.O. Box 1044
Louisville, KY 40201-1044
(502) 582-6161

LOUISIANA

Louisiana State Office
Ninth Floor
Hale Boggs Federal Building
New Orleans, LA 70130-3099
(504) 589-7251

MAINE (See New Hampshire State Office)

MARYLAND

Maryland State Office
City Crescent Building
Fifth Floor
10 South Howard Street
Baltimore, MD 21201-2505
(410) 962-2520

MASSACHUSETTS

Massachusetts State Office
Thomas P. O'Neill, Jr.
Federal Building
10 Causeway Street, Room 375
Boston, MA 02222-1092

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(617) 565-5196

MICHIGAN (EASTERN AREA)
Michigan State Office
Patrick V. McNamara
Federal Building
477 Michigan Avenue
Detroit, MI 48226-2592
(313) 226-5500

MICHIGAN (WESTERN AREA)
Grand Rapids Area Office
Third Floor
Trade Center Building
50 Louis Street, NW
Grand Rapids, MI 49503-2648
(616) 456-2127

MINNESOTA
Minnesota State Office
220 Second Street, South
Minneapolis, MN 55401-2195
(612) 370-3135

MISSISSIPPI
Mississippi State Office
Doctor A.H. McCoy Federal Building
100 West Capitol Street, Room 910
Jackson, MS 39269-1016
(601) 965-4746

MISSOURI (EASTERN AREA)
St. Louis Area Office
Robert A. Young Federal Building
1222 Spruce Street, Third Floor
St. Louis, MO 63103-2836
(314) 539-6505

MONTANA
(See Colorado State Office)

NEBRASKA
Nebraska State Office
Executive Tower Centre
10909 Mill Valley Road
Omaha, NE 68154-3955
(402) 492-3137

NEVADA
(See Arizona State Office for

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Las Vegas & Clark County)

NEVADA
(See California State Office
for remainder of State)

NEW HAMPSHIRE
New Hampshire Area Office
Norris Cotton Federal Building
275 Chestnut Street
Manchester, NH 03101-2487
(603) 666-7493

NEW JERSEY
New Jersey State Office
One Newark Center
13th Floor
Newark, NJ 07102-5260
(201) 622-7900

NEW MEXICO
New Mexico State Office
625 Truman Street, NE
Albuquerque, NM 87110-6443
(505) 262-6303

NEW YORK (DOWNSTATE AREA)
New York State Office
26 Federal Plaza
New York, NY 10278-0068
(212) 264-3312

NEW YORK (UPSTATE AREA)
Buffalo Area Office
Lafayette Court
465 Main Street, Fifth Floor
Buffalo, NY 14203-1780
(716) 551-5719

NORTH CAROLINA
North Carolina State Office
Koger Building
2306 West Meadowview Road, NC 27407-3707

NORTH DAKOTA
(See Colorado State Office)

OHIO (EASTERN AREA)
Cleveland Area Office
Renaissance Building

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1350 Euclid Avenue, Suite 500
Cleveland, OH 44115-1815
(216) 522-2700

OHIO (WESTERN AREA)
Ohio State Office
200 North High Street
Columbus, OH 43215-2499
(614) 469-5787

OKLAHOMA
Oklahoma State Office
500 West Main Street
Oklahoma City, OK 73102
(405) 553-7555

OREGON
Oregon State Office
Suite 700
400 Southwest Sixth Avenue
Portland, OR 97204-1632
(503) 326-2661

PENNSYLVANIA (EASTERN AREA)
Pennsylvania State Office
The Wanamaker Building
100 Penn Square East
Philadelphia, PA 19107-3390
(215) 656-0574

PENNSYLVANIA (WESTERN AREA)
Pittsburgh Area Office
412 Old Post Office Courthouse Building
7th and Grant Street
Pittsburgh, PA 15219-1906
(412) 644-6571

PUERTO RICO
Caribbean Office
New San Juan Office Building
159 Carlos E. Chardon Avenue
San Juan, PR 00918-1804
(809) 766-5252

RHODE ISLAND
Rhode Island State Office
10 Weybosset Street
Providence, RI 02903-3234
(401) 528-5370

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SOUTH CAROLINA

South Carolina State Office
Strom Thurmond Federal Building
1835 Assembly Street
Columbia, SC 29201-2480
(803) 765-5831

SOUTH DAKOTA (See Colorado State Office)

TENNESSEE (WESTERN AREA)

Tennessee State Office
Suite 200
251 Cumberland Bend Drive
Nashville, TN 37228-1803
(615) 736-5063

TENNESSEE (EASTERN AREA)

Knoxville Area Office
John J. Duncan Federal Building
710 Locust Street, Third Floor
Knoxville, TN 37902-2526
(615) 545-4389

TEXAS (NORTHERN AND WESTERN AREAS)

Texas State Office
1600 Throckmorton
P.O. Box 2905
Fort Worth, TX 76113-2905
(817) 885-5934

TEXAS (SOUTHEASTERN AREA)

Houston Area Office/Norfolk Tower
2211 Norfolk, Suite 200
Houston, TX 77098-4096
(714) 834-3235

TEXAS (SOUTHWESTERN AREA)

San Antonio Area Office/Washington Square
800 Dolorosa Street
San Antonio, TX 78207-4563
(210) 229-6783

UTAH (See Colorado State Office)

VERMONT (See New Hampshire State Office)

VIRGINIA

Virginia State Office
The 3600 Centre

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3600 West Broad Street
P.O. Box 90331
Richmond, VA 23230-0331
(804) 278-4559

WASHINGTON
Washington State Office
Seattle Federal Office Building
909 1st Avenue, Suite 200
Seattle, WA 98104-1000
(206) 220-5290

WEST VIRGINIA
West Virginia State Office
Kanawha Valley Building
405 Capitol Street, Suite 708
Charleston, WV 25301-1795
(304) 347-7057

WISCONSIN
Wisconsin State Office
Henry S. Reuss Federal Plaza Suite 1380
310 West Wisconsin Avenue
Milwaukee, WI 53203-2289
(414) 297-1029

WYOMING (See Colorado State Office)

RENT-FREE SHELTERS

If you fall into any of the categories listed below there may be temporary housing shelters available to help you. Check the sources in your local area for more information on what is available in your area.

If you also need to relocate and don't have a place to stay you could locate a shelter in the place where you wish to relocate to. Relocation may go a long ways towards helping you to solve your problems.

- Homeless shelters
- Battered Women shelters
- Drug Addiction Programs
- Run-a-way Youth shelters
- Troubled Teens
- Half-way Houses

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- Job training Programs (Job Corps, Conservation Corps)

The easiest way to locate these various alternatives to paying rent is to contact the various charitable organizations in your city or in the city that you are considering relocating to or visiting.

Geoffrey

Geoffrey traveled all over the United States and visited every major city. He considered himself a gypsy/ Bohemian and enjoyed the freedom of never having to worry about money. He did this by locating the homeless shelters in each city he traveled to.

FREE HOUSING FOR PROGRAM PARTICIPANTS

There are some government-sponsored programs that will provide you with a place to stay in addition to the other assistance they provide. Two good ones are the programs below which both offer not only free job training but also free housing for young people between 16 and 24.

- Job Corps
- Conservation Corps

Obviously these programs will have very stringent requirements. They will not provide free housing to just anyone. This is just a perk that is made available to program participants who need a place to stay. The Job Corps program has 119 centers in 49 states.

Nancy

Nancy needed to send her 19-year-old son out of the neighborhood in order to get him away from all the gang activity that was going on in her neighborhood. She had no relatives that she could send him to. She found out about the Job Corps program, which provided free career training and housing to young people between the ages of 16 and 24. She made arrangements for him to relocate to that state and he took the Greyhound bus straight to the Job Corp

program where he completed the training program, got a job and turned his life around.

LIVE-IN JOBS

If you accept lower pay than what the job would ordinarily pay then I would not consider this live-in situation to be equivalent to FREE rent. You are being *paid* for services rendered and the rent is just part of the pay. However, if the rent is a perk that is offered either for your convenience and that of the employer but the pay otherwise is equivalent to what you could expect if rent were not included, then and only then are you truly getting FREE rent. There are such jobs available to you.

In some cases you may earn a fair market income for the work that you do and rent-free housing may just be a perk offered by the employer

Sample Jobs that may provide free housing

- ◆ Housekeeper
- ◆ Security
- ◆ Chauffeur
- ◆ Motels/Hotels
- ◆ Flight Steward
- ◆ Firefighter
- ◆ Cruise Ship

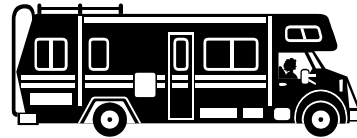
MOBILE REAL ESTATE



Another way that some people have been able to live rent-free is by living in a motor home as a primary residence. If you could live in a motor home then you would have no need for a secondary home or rental unit. Perhaps you could not afford to pay rent and utilities plus make payments on a motor home. But perhaps you could afford the payments on a nice motor home if you didn't have to pay rent elsewhere.

Obviously one problem with motor home living could be parking. It may be difficult to find a place to park a motor home at times, particularly in a metropolitan city. This would obviously be much easier in a more rural area. You would also have to take care of other little essential details.

If you were to even seriously consider this at all then you should first talk to people who own motor homes and get some feedback from them about this. They could point out all of the little essential and important details that you might not even think about on your own. You also would want to find out about local laws and ordinances that will affect your ability to live in a motor home in an urban, rural or suburban area.



There are some places that are very motor home friendly and will allow you to park a motor home there overnight at no charge. One of these places is Wal-Mart stores, which are available all over the country.

This could be considered for a short-term alternative to paying rent.

CRUISE SHIPS



Some consider a cruise ship as the ultimate live-in job. One of the perks is that they provide free housing on the cruise ship while you are out to sea on extended cruises

Obviously, during the time that you are out to sea you would not have to concern yourself with the necessity for or expense of other housing arrangements.

LIVING RENT-FREE ON YOUR OWN BOAT



Jeff

Here's another creative example of rent-free living. Jeff owns a nice boat. The boat costs about \$100,000 and Jeff got a good deal on it. Jeff lives on the boat as his primary residence. This makes sense to Jeff because he loves the ocean and loves the environment and the idea of

living on a boat. He's single and this suits his present lifestyle.

Jeff not only lives rent-free but is buying the boat for free because he gets other people to pay the monthly boat costs plus all the associated expenses such as the monthly docking fee, maintenance etc.

The way that he does this is that he makes his boat available for rent and publicizes this. He rents his boat out an average of 15 weeks a year. His average rental fee is \$2,000 per week for a bare-boat charter (that is a rental without a paid captain.) On this type of charter the person renting the boat brings along their own food; bed sheets and other necessities for cruising.

Jeff is averaging about \$30,000 per year just from renting his boat out. When the boat is rented he just stays over at a girlfriend's house, gets a cheap motel, or sleeps in his van at the beach. After the charter is up Jef just moves back into the boat. He lives a simple lifestyle and keeps few treasured possessions in the boat so he has no problem living like this. This allows him to concentrate on saving the majority of his regular income towards his goal of building up a million-dollar nest egg through saving, investing and frugal living. Jeff is also a student and spends a lot of his time studying.

You could take Jeff's example and acquire a boat to live on then set up a rent-free situation. You also could acquire a boat, rent it out more frequently and use the income derived from renting the boat to not only pay for the boat but also to pay some or all of your rent at a regular land-based residence.

If you owned a boat that was earning you \$30,000 per year you could take \$800 per month of that (\$9,600) to pay your rent or mortgage and still have \$20,400 per year to pay for the boat. You not only will live rent-free but you'll have the benefits, prestige and luxury of owning a boat you can use whenever you want to while others pay for it. And remember, in this example we're just using Jeff's situation where he averaged 15 weekly rentals per year. Since there are 52 weeks in a year you actually have the potential to earn \$104,000 per year if the boat were rented consistently week after week.

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A \$104,000 annual income on a \$100,000 boat is not bad at all. This is just for illustration purposes because it is not really realistic that you would have the boat rented back to back throughout the entire year. If you should decide to seriously consider this idea then you should start by researching it further on your own. Start by talking to boat owners to get a better idea of the costs, upkeep, maintenance and the pro's and con's of buying, maintaining, owning and renting a boat. I've talked this over with a couple of friends of mine who own boats and they agree that this would be a sound method of living rent-free and the numbers are indeed realistic.

You're probably wondering why I have ignored the tax consequences here. I've ignored them because it is possible to do this with little or no tax consequences. In this example, since the boat cost about \$100,000, Jeff is able to deduct about \$10,000 per year in depreciation (assuming a 10-year life for the boat). This means that the first \$10,000 is completely free of any Federal, city or state income taxes.

The other \$20,000 can be sheltered by other legitimate tax deductions. Since Jeff is in the business of renting the boat, ALL of the associated costs; fees; maintenance; upkeep; advertising; docking fee; etc. become legitimate and deductible business expenses. Therefore it is possible to receive the entire \$30,000 tax-free!

Vanessa

A friend of mine, Vanessa, lived rent-free like this for about two years. She found a good deal on a used 34-foot boat. It was available from an older lady who was relocating and just didn't want it anymore. Vanessa was able to buy this boat for about \$5000. After that, she only had to pay a \$220 per month *docking fee* to keep her boat docked at the exclusive Marina Del Rey harbor of Southern California.

After two years she had paid \$5280 in docking fees. When she was ready to move on and sell the boat, she sold it for its market value, which was much more than she had paid for it, \$11,000. Although she'd had to lay out \$220 per month for the docking fee, she was able to recoup every bit of that when she eventually sold the boat making her two

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year stay in Marina Del Rey rent-free! Also, by living so cheaply for two years, she was able to save up enough money to buy her first business and her first home.

Amount recouped at sale of boat \$11,000	
	Boat cost \$5000
Docking fee for two years \$5,280	
Total 2/yr housing cost \$10,280	
In this example, she not only lived rent-free in an exclusive neighborhood for two years but she walked away with a profit of \$720.	

GET MAIL ADDRESS CLIENTS TO PAY YOUR RENT



Another way of living rent-free would be to get corporate sponsors to pay your rent. There are a variety of ways that you could achieve this. One of the easiest ways would be to find a number of companies or small businesses or even individuals who will pay your rent for you in exchange for getting to share your mailing address.

You allow them to use your address as their business address for the purposes of receiving mail and in exchange they pay the bills. Obviously you could not get a single company to pay the rent but you could possibly get a number of companies to do this.

Many businesses, particularly businesses who do a lot of mail-order business like to have a more prestigious address location. They will pay well for an out of town mailing address or mail forwarding service. You permit them to use your address, when they receive mail you then forward it to them. To keep it very simple you could just take all of their mail once per week, stick it in a big pre-addressed, pre-stamped envelope and then drop it in a mailbox.

For that, many companies will pay \$15 to \$30 to \$75 per month. It wouldn't take very many clients to cover your rent.

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10 clients would bring in \$150 to \$300 to \$750 per month
20 clients would bring in \$300 to \$600 to \$1500 per month.
30 clients would bring in \$450 to \$900 to \$2250 per month
40 clients would bring in \$600 to \$1200 to \$3000 per month
Get just 40-50 clients and your rent is paid plus you're making money.

Prime business addresses might be:

Anywhere in the states of California; Florida; New York; Delaware; Wyoming; or Nevada. Popular cities are New York; Miami; Chicago; Los Angeles; Dallas; Beverly Hills, and Hollywood. Particularly popular business streets are Wall Street; Park Avenue; Wilshire Blvd; Rodeo Drive. Each of these locations is a particularly appealing mailing address for different reasons.

Many out-of town businesses incorporate their business in Nevada, Delaware or Wyoming because of certain advantages of incorporating in those states. A Corporation is required to have "resident agent". A resident agent is just a specific live person, listed by name who actually resides in that state. This is a legal requirement. A resident agent could be *anyone* at all that has an address and is able to receive mail and most importantly sign for certified mail on behalf of that company.

Any resident of these cities could offer themselves as a corporations resident agent at a slightly lower rate than the professional services and be paid well for doing basically *nothing*. Many of the companies NEVER even actually use the address or receive any mail their at all. Many of them use a resident agent just because of the legal requirement to have one so that they may have evidence of actually being based in the state in which they have incorporated.

In addition to the business uses, there are a lot of individuals who also use mail-forwarding services. RV'ers, Armed Forces Personnel, Contract Workers, Yachtsmen, travelers, sailors; over the road truckers; etc. A postal mailbox is not good enough because they don't have the flexibility to hold, package and forward mail to different locations upon request. You however could do that for them. There are also a lot of foreign based companies and individuals who could use a U.S. based mailing address or mail forwarding service and they don't particularly care *where* it is in the U.S. so anybody could do this.

If you get a number of clients and you anticipate that they will be getting more mail than your existing mailbox could handle, then you could just get a bigger mailbox. You could buy and install or even build it yourself.

If you are an apartment renter then you should check with your landlord about this first. Tell them that the larger mailbox will be

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attractive, an asset to the building and that they will get to keep it once you move and they may not have a problem with it. Suppose that you investigate this idea and decide to go with it but your landlord won't let you get a bigger box. In that case then you may even decide to just move to another apartment once you see that you really can get others to pay your rent if you let enough of them *share* your address.

For more information, just go to any internet search engine such as ask.com and type in the three words: mail forwarding service. See what the competition is already doing and you should be able to get all the info you need to do it yourself.

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CHAPTER II

FOR HOMEOWNERS

and Renters too

LONG-TERM MORTGAGE MORATORIUMS ON PAYMENTS

(How to skip your house payments for one month
to one year with no penalties)

Homeowners Can Request a Moratorium on Any Mortgage

Every bank or mortgage lender has a loan modification or a note modification officer. They may call it something else but they are able to adjust, alter, or modify the terms of the loan temporarily or permanently. This requires good use of that all important term *communication*. They do this not to do you some personal favor but because they see (with your help) that it may be in their own best interest to do so. They won't do this for everyone and they don't do it all the time. They will look at your particular situation to determine what will help *them* best. That's right, they're really not trying to help you, they are trying to help themselves. Your job is to help them to see that by suspending your mortgage payments for a while they can help themselves and help you to avoid a possible default or bankruptcy.



In other words there has to be a good reason for why you are asking for this. You would have to be undergoing some current financial hardship. They may want to look at your overall financial profile again to see what your income is and where your money is going. The bottom line is that with a moratorium of payments you can live rent-free for a while and keep the money you would otherwise have to pay out.

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It is important to note though that in the long run, with a moratorium, you will almost always end up paying more than you otherwise would have paid. They may suspend the monthly payment for a while but *interest* will still continue to accrue for the months that you don't pay (unless you negotiate a *suspension of interest*, possible but highly unlikely). The interest and the payments you skip will be added to the *back end* of your loan after the time that you had already been scheduled to pay the loan off on the original payment plan.

Getting a one-month moratorium is easy to do and requires little more than asking for it in writing. The major requirement is that most lenders will only allow you to do this once in a twelve month period. It's true that they may only let you do it once in a twelve-month period (if you merely ask to be allowed to skip one month's payment). But you could ask for and possibly receive as much as a 12-month moratorium if you make and are granted a hardship request.

Any homeowner can live rent-free for a period of time if they need to catch up on some other bills or save money for some specific purpose. All you have to do is speak to an officer at the bank that holds your mortgage. It's important that you speak to the right person. You just explain to them that you are facing some difficulties and that you would like to request a *moratorium* on your payments for a period of time. A moratorium is just a period of time wherein the lender agrees that you will not have to make any payments on the house note.

You can ask for anywhere from 30 days to 12 months. During this time you will not have to make a mortgage payment. This will extend the life of your loan by the amount of time that you delay and it will add extra interest payments to the loan balance.

Most banks have a loan adjustment officer who can work with you on this. Their motivation for doing this is because they would rather work with you and keep the loan current on their books than to not work with you and see

the loan go into default or possibly foreclosure. You may speak to someone at the bank that tells you that they *can't* do this... if so then you're speaking to the wrong person. Many people at the bank may not know just how flexible they can be. They can also do things like rewrite the entire loan contract or adjust the interest rate to a lower rate to lower your payments (without refinancing) (after you've been paying satisfactorily for awhile.)

As I've stated, you should not be surprised to meet some resistance or even outright opposition to this. If this were common knowledge then everyone would know it and if were easy then everyone would do it. These are just options that a lender has at its disposal and frequently has and will take at times.

Reasons that they may do this:

- ♥ Because you have inside connections and/or talk to the right person.
- ♥ Because they really need to salvage the status of as many loans as they can.
- ♥ Because they're in some trouble with the FDIC already and don't want any more defaults.
- ♥ Because you're just lucky or darn good at asking for and getting what you want. Just remember that this can be done.

Final Thought

- ♥ Over the past several years banks and mortgage lenders have experienced record numbers of foreclosures. A property that a bank has to take back (REO) frequently is taken off their hands by an investor at 50% or less than what the prior buyer owed. Why take a chance on seeing a property go into foreclosure and possibly ultimately recouping only 50% of what's owed? By just working with a hardship request buyer they can possibly salvage the loan and actually end up making even MORE money than the underwriter planned by the fact that they ultimately will get even more months of interest payments. Hopefully you can now see that this is indeed feasible and that there is an underlying benefit to the lender as well as the buyer.

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There are four important things to remember about this

- A) This may take some salesmanship.
- B) You have to ASK.
- C) Make sure that they understand that you are not asking to be able to pay *late*. A moratorium means that you are permitted to *skip* the monthly payment for the agreed upon term. The loan will still be considered current rather than late.
- D) You can do this same thing with auto loans, credit cards and other loans.

In addition to getting a moratorium from banks and other real estate lenders you can even request and obtain moratorium on secondary forms of financing such as seller financing notes, etc. The general idea is that they would rather help you out now than to see you possibly go into foreclosure later. In addition to that, the lender ends up making even more money because although you are allowed to skip the payments for a while, the interest will still accrue for the months that you're allowed to skip payments.

If you really think about it, lenders are really only interested in long term loans anyway and all that you're really asking for is to be able to pay them for even more months of interest so that they ultimately make even more money. If you don't get it then just try walking into a bank and tell them that you want to borrow money at 10% per compounded annually with no penalty for early repayment because you want to pay the entire loan off in 30 days. They won't even consider it. 30 years, certainly, because they'll make over \$215,720 in interest alone! 30 days...? Never, because they won't make any money like that.

To request a longer-term moratorium may take some finesse, to request a 30-day moratorium or to skip just one payment can usually be accomplished with just a phone call (to the right person) followed up by a faxed and/or mailed written request. The written request can be worded something like this (or it may be much shorter):

SAMPLE WRITTEN MORATORIUM REQUEST

Attention Mrs. Andersen,

As per our recent phone conversation on 5/9/01 at 11:15am and as per your request I am hereby making a written request in regards to my home loan. You were very helpful and understanding and I appreciate your willingness to work with me. As I explained to you during our conversation I have been undergoing some trying circumstances that unfortunately are beyond my control.

Do to the recent loss of my husband I have suffered a dramatic decrease in household income. This and other untimely events have brought me to a situation wherein I must rearrange my financial affairs and make some changes. As I mentioned to you on the phone, my mortgage is my absolute #1, single most important priority. I have already made arrangements to turn in my recently acquired vehicle and downsize to a less expensive used vehicle.

I have done that which I can reasonably do. At this point, as I see it, in spite of the sacrifices I've already made and have planned to make, there is just one way that I shall be able to maintain and ultimately complete the terms of this mortgage loan. That one way is if I am granted a short-term 4-month moratorium wherein I can forgo my monthly payment obligations for this term in order to meet basic living expenses and eat. After this time I will have received the insurance settlement that I mentioned to you and should have no problem thereafter and can pick up the payments at the current monthly rate as discussed.

Full Name on the Account: _____

Loan Number: _____

Account Number: _____

Phone Number: _____

Sincerely,

Marjorie Buyer

Buy a New Home with NO Monthly Payments for up to Five Years

Bank Loans

Your first inclination is probably to believe that this just can't be done, but it's actually done all the time. I first learned of this from professional investors who did this all the time.

We talked about requesting a hardship moratorium, now were discussing getting a moratorium when you first buy property. The secret to getting a moratorium on payments when you first buy property is to simply ask for it. There is no law that says that your payments must begin when you first close escrow or 30 days later. Payments can actually begin whenever you and the lender agree.

Moratoriums are frequently requested when buyers buy problem real estate. *Problem real estate* may be property that has to be fixed up, rehabbed, rezoned, etc. Banks can be fairly liberal about granting a moratorium when they are trying to unload problem real estate or REO's (Real Estate Owned) that is making them look bad.

REO is the term for property that has been foreclosed on and taken back by the bank. If the property does not resale then it ends up in the lenders REO department. Banks are regulated by the FDIC (Federal Depository Insurance Corporation) and too many bad loans can cause a bank problems. People can get fired and banks can get shut down or forced to merge with other banks.

A savvy buyer who knows the ropes can help the bank out by taking REO's off their hands. The way that a bank looks at it is this; they'd much rather have the properties in the *asset* column of their books than the *expense* column.

The bottom line is that you are helping them out by buying their problem real estate. They own it because somebody defaulted on a loan. Now it's just sitting there as a burden and a problem. As soon as you buy the property

they can take it off of their liability list and put it on their list of assets.

Rather your first payment is due today, in 30-60, 90 days or in 6 months just may not matter too much. It's not the payments but the fact that the property immediately became an asset rather than a liability the day they closed escrow on the sale to you.

Another reason that moratoriums are frequently granted is because the bank understands your reasoning (due to your explanation). You explain that you are an investor, the property is in disrepair, and you will need time to fix the place up, clean it up, locate a suitable tenant, and move into it or whatever you're going to do. There are no set rules here but bank moratoriums on new purchases can be anywhere from 30 days to a year or more with NO payments!

There is also nothing to prevent you from requesting a moratorium on any other financing as well. The more the lender needs you the more flexible they may be. It's always a possibility and it certainly doesn't hurt to ask. For property that clearly needs rehab this is a common practice although it's unknown to most homebuyers. This goes back to what I said in "*How to Get ANYTHING Free*" is one of the important concepts we need to grasp to get many things free. That is the concept of understanding that the more power a person has the more flexible they are to bend or even to change the rules in a way that is favorable to both you and them.

Seller Financing

Another good source of moratoriums is with seller Financing. *Seller financing* is the common term for when the seller agrees to carry some or all of the note for his equity.

This simply means that the buyer is able to finance part of the sale with the seller. If the seller owns the place free and clear he can finance the entire sale.

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Ex. Home sells for \$100,000

Seller owns the home free-and-clear. (No existing loans on it...it's paid for. He has *clear title*.) Buyer buys the property and includes this, or similar language in the offer to buy.

“Seller to grant buyer a 9-month moratorium on payments, which will be begin to accrue 9 months after the close of escrow at the rate of 10% simple interest for 30 years. Payments to be exactly \$800 per month with a balloon payment to make up the difference due at the completion of payment term”.

This simply means that NO payments will be due or made until *after* the 9-month period. The first payment will be due in 9 months per this agreement and interest will not begin to accrue until then as well. This offer, if accepted by the seller gives the buyer 9 full months to take possession of the property, move into it, begin the necessary improvements, rent it out etc.

Reasons why a Homeowner might grant a moratorium

- He's a serious don't-wanter and just wants out.
- He may own the property free and clear, it's in disrepair and no conventional lender will loan a new buyer money on it in it's present condition and he lacks the funds to repair it.
- You offer a small down payment that at least puts some money in his pocket now so he's willing to wait for his payments to begin.
- Seller may see tax advantages to start receiving his payments later rather than now.
- Older property sellers often agree to this so that the payments will start to come in several years later when they plan to retire. They use these payments as retirement income.
- Older property sellers may agree to this because they want all the payments to go to a child or heir but they don't want them to begin coming in till later.
- He's very close to losing the place due to non-payment

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of property taxes anyway (happens all the time). By selling to you, the property taxes get paid, you will begin to fix the place up and if you don't start paying in 9 months he can still foreclose on you and take the (improved upon) property back.

Does it really happen?

I attended a real estate conference with a group of professional investors. One of the speakers spoke about the practice of requesting a moratorium on payments then asked the participants how many of them had ever asked for and received a moratorium on payments when buying property through seller financing. A surprising number of hands went up.

The speaker then asked how long the investors had been able to get a moratorium for. One lady stated that she had asked for and been granted a *5 year* moratorium on a property that she bought for no money down! The reason that the seller, an elderly woman, agreed to this is that she was going to leave everything to her grandchild and preferred that the property income not start coming in until the child was of college age (in five years) and also old enough to understand the business. Others had received moratoriums for anywhere from 30 days to 6 months and even a year or more was not uncommon.

There are various reasons that a seller might agree to a moratorium on payments. One of the best reasons is simply because you have requested it, they are motivated sellers, they want to make the deal and they see no pressing need to start receiving the payment immediately.

You could not expect to be able to do this with most sellers but you can certainly seek out those who *will* agree.

What this means to you is that during the moratorium period, rather it's 30 days or several years you get the full ownership and use of the property RENT-FREE!

DISCLAIMER: I realize that I am addressing what may appear to be complex matters of creative financing and unorthodox purchasing methods. It's nothing new or extraordinary but you should be well versed in what you are doing. This book points to the possibilities but does not adequately address all the specifics of doing these strategies. For that I would strongly suggest that you seek additional knowledge and insight into this from other sources such as pro investors.

OVER-FINANCING

Pay close attention to this one. Another method of living rent-free for a while is by over-financing a property. Banks have been offering loans of as much as 125% of the purchase price of a property.

Example:

Value/Purchase Price:	\$100,000
Loan amount:	\$125,000
Monthly Payment:	\$1000

After buying home, buyer receives a check for \$25,000. This \$25,000 could be set aside and used to pay the mortgage for the next 2 years.

Many buyers get these loans in order to pay off bills or consolidate debts so that they lower their overall monthly payments. You must keep in mind though that a 125% loan will cost a lot more monthly than a 100% loan and you will be paying for that extra 25% for the life of that loan.

Is this economically feasible? No. Not at all. This is very poor money management unless... you use it strategically and creatively.

Getting \$25,000 cash in the above example may seem like a windfall and a gift, but it could be the source of problems paying the mortgage and an ultimate foreclosure if you're not careful.

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For the purposes of the subject of this book we're discussing how a homebuyer could use this extra cash to make the payments on real estate for a while. This could be an effective strategy as long as you know what you're doing, have carefully thought this out and have a plan.

For example: Suppose that you have done your homework on a property and see that the property is undervalued when you buy it. The seller is a serious *don't-wanter* who just wants to get out of the property for reasons that have nothing to do with the property. (Divorce; bankruptcy; loss of income; relocation; death in family; illness; personal trauma etc.) Plus you also see that the value could be easily increased with some TLC (tender loving care) and basic cosmetic improvements (paint, clean up, rehab, etc.)

In this case, it might not be a bad idea to buy the place with a 125% loan. You then could use the money that you received upon purchase to pay the notes and expenses monthly. You use some of the money to do the basic rehab and fix-up (doing a lot of it yourself). After the property has been rehabbed then you put it back on the market at fair market value.

Example:

Fair market value is \$100,000. Seller is a don't-wanter and will take less. You buy it for \$90,000 but use creative financing methods to obtain a *purchase price* of \$100,000.

(You can do this legally if you structure it properly. You should not attempt this if you don't know what you're doing; you could be accused of attempting to defraud a lender. Professional investors who use creative financing do this all the time, but it must be done properly and lawfully. You should seek the assistance of a professional.)

One way of doing this would be to write into the offer "*the seller will give the buyer a \$10,000 rebate towards improvement and fix-up of the property*". This way you can present the bank/mortgage lender with a legal purchase price of \$100,000 although the seller will cut you a check

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for \$10,000 at the close of escrow. That becomes a separate matter between you and the seller.

Remember that this is a 125% loan so the bank is going to lend you 125% of the appraised market value and purchase price, which in this case will be \$125,000.

Let's recap:	
Fair market value	\$100,000
Seller is willing to take	\$ 90,000
Purchase Price	\$100,000
Seller rebate	- \$10,000 (given back to you)
Over-finance amount	\$25,000
Final Result	
You owe the bank	\$125,000
Cash you've <u>received</u> at escrow	\$35,000
(\$25K from bank, \$10,000 rebate from seller)	

You have purchased a property for no money down using conventional bank financing. You walked out of the escrow office with title to a property, \$35,000 cash and payment obligations of \$1000 a month.

If you take that \$35,000 and go out and buy a new car and other toys then that's not very wise. But if you strategically plan to use that \$35,000 to help subsidize or even to totally pay your new mortgage for awhile then that is a smart move. $\$35,000 \text{ divided by } \$1000/\text{month} = 35$ months (almost 3 years) of living rent-free.

Suppose that you were to actually do this. Obviously at the end of three years all of the money would be gone, now what do you do?

You just keep paying it and it should be no problem at all. For three years your payments have been covered by this one method alone, in addition to that, hopefully you've been saving and setting aside other money. How much? The entire amounts that you *could* pay if you had to. That is the minimum amount that you should have been saving. If you

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could pay the \$1000 per month then you should have been saving that \$1000 per month.

If you could only pay half that amount in rent then you should have been setting aside that half every month.

Suppose that you have managed to save just \$24,000 cash after three years of living rent-free.

Now you could use that saved money to supplement your mortgage payments in any manner that you may choose. Suppose that you are comfortable paying \$600 per month based upon your income. Then you could pay the \$600 per month out of your ordinary income and use the property nest egg (\$35,000) to supplement that amount each month.

QUESTION: How/Where can I get a 125% purchase loan?

RESPONSE: Check with any mortgage broker. These loans may or may not be available in your area. It is a relatively new concept that has been widely advertised publicly. A mortgage broker would be able to locate these particular loans for you. (They usually require excellent credit.)

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EXAMPLE #1:

Monthly Payment is \$1000/month
You can comfortably pay just \$600/month
You pay the additional \$400
From the \$35,000 nest egg you received at the purchase
 $\$35,000 \text{ divided by } \$400 = 87 \text{ months (7 years and 3 mo.)}$

EXAMPLE #2:

Monthly Payment is \$1000/month
You can comfortably pay just \$400/month
You pay the additional \$600
From the \$35,000 nest egg you received at the purchase
 $\$35,000 \text{ divided by } \$600 = 58 \text{ months (4 years and 10 mo.)}$

EXAMPLE #3:

Monthly Payment is \$1000/month
You can comfortably pay just \$200/month
You pay the additional \$800
From the \$35,000 nest egg you received at the purchase
 $\$35,000 \text{ divided by } \$800 = 43 \text{ months (3 years and 7 mo.)}$

EXAMPLE #4:

Monthly Payment is \$1000/month
You want to live rent-free and pay \$ 0/month
You pay the entire \$1000
From the \$35,000 nest egg
 $\$35,000 \text{ divided by } \$1000 = 35 \text{ months (2 years and 11mo.)}$

Rent-Free

Let's recap the specific example that we're using here so that you can see what can happen.

Fair market value	\$100,000
Seller is willing to take	\$90,000
Purchase Price	\$100,000
Seller rebate	- \$10,000 (given back to you)
Over-finance amount	\$25,000

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Final Result

You owe the bank \$125,000
Cash you've received at escrow \$35,000
(\$25,000 from bank plus \$10,000 rebate from seller)

Even if you choose to live rent-free and pay ZERO per month out of your own pocket or income then you still can make out okay after living rent free for as long as 2 years and 11 months.

Remember, in this particular example, the property was worth \$100,000 but in need of rehab when you bought it. After almost 3 years and with the cosmetic rehab and fix-up that you've been doing the property could conceivably be worth at least \$120,000 to \$125,000.

At this point you could sell the property, recoup enough money to pay off the bank and still walk away with a little money in your pocket.

If you combine this method with others in this book such as rental income or corporate income then you could really make out good.

If you combine this strategy with the duplex/four-plex strategy then you could not only walk out of the closing with the \$35,000 cash but also never have to worry about repaying it. Your tenants will pay it all back for you plus put extra cash in your pocket each month while you live rent-free with a \$35,000 nest egg obtained at the time you purchased.

(In this example only, you could double all the numbers to make the example more realistic for a four-plex in your area.

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ADD-ON RENTAL PROPERTY

In the previous section we discussed how you could purchase a property with an over-financed loan and use some of the capital you pull out to offset your payments and live rent-free for awhile. In this section we'll look at how you can create an income situation on any property including property that you buy or property that you already have.

The way to achieve this goal is very similar to what we discussed earlier about renting rooms or a portion of your property to a tenant. Here we go a little deeper than that by actually creating that rental unit. This is really not a difficult thing to do and it might be a far better choice than renting out a portion of your home to somebody else. To achieve this you would add-on or build a separate or attached rental unit.

There are several ways that this could be accomplished:

- A. Convert a room into a completely separate unit with a separate entrance
- B. Add a room and bathroom with a separate entrance
- C. Convert an existing structure such as a garage (attached or unattached) into a rental unit.
- D. Build a completely new and separate rental unit on your property.

In some cases the property grounds may not allow for the adding on of a separate rental unit. If you cannot attach an additional unit then sometimes you can add on by building *up*, by adding a second story level. For many properties this may not be feasible or may be more expensive than what you would consider practical, or it may be difficult to impossible to do it without creating an unattractive eyesore. A contractor experienced with doing add-ons could advise you on this matter.

One of the best and least expensive ways would be to build a separate rental unit on your existing property. If your

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backyard is large enough then this task could be a good option to consider. It can be surprisingly inexpensive to add-on to your existing structures (your home or your detached garage); it can also be very inexpensive to build a totally new separate rental structure on your existing property.

To do this you have two basic options:

A) Hire a contractor to design, plan, build, and erect the unit on your property. To add on a one-bedroom unit could cost as little as \$10,000 or less.

B) Purchase a modular unit or pre-fabricated structure that just needs to be assembled on your property.

Option B) is the one that I want to discuss.

Geodesic Domes



A good option for building a rental unit would be to use prefabricated units such as geodesic domes. There are several reasons that this could make a good choice.

Very inexpensive to purchase

Look at the charts on the next page to get an idea just how inexpensive you could purchase a dome structure for.

Structurally sound

The dome shape makes these structures very sturdy and durable even against all type of weather conditions.

Easy and quick to assemble

You can do the assembly yourself with a few unskilled helpers thereby saving on the costs of labor. With these type of prefab units all you need is a few simple hand tools and a little help. The entire structure can be erected in one Saturday.

Versatility

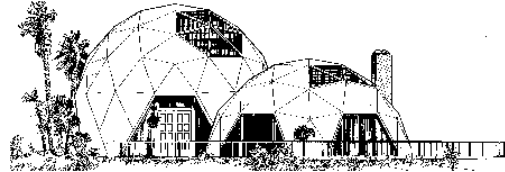
You could either erect a two-story dome or you could link a cluster of domes together to make a larger unit. This

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would be an ideal solution if you did not want an upstairs but needed a larger unit.

Expandability

It is easy to add on to an existing dome structure or to an existing home whenever you want to.



First let's look at various dome structures and their prices before we discuss how they could assist you in setting up a rent-free situation.

(The information below was taken from literature by one of the manufacturers)

Dome Kits and Descriptions

SQ FT.	SIZE	Description
190	16	Storage shed, workshop, playhouse, guest bedroom, small den or library, as an addition to existing house, or in a cluster of domes.
240	18	Larger storage, add on for bath, den, bedroom. Alone, as a small hunting shelter.
300	20	Nice hunting cabin or efficiency apartment, in a cluster as bedroom with bath, two small bedrooms, great-room.
430	24	Weekend cabin, garage, larger workshop, office space, guesthouse, pool house.
590	28	Lake cottage with bedroom and sleeping loft, versatile in a cluster arrangement, garage with workshop space.
690	30	Great starter home, nice 2 bedroom, 2 bath, and rental units.
1500	45	Wonderful size for a small family, up to 3 bedroom, two bath, ideal for adding to later as cluster.
1930	50	Luxury large home, up to 5 BR, 3 bath
PRICES		

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SIZE	APP SQ FT	UPSTAIRS	TOTAL	PRICE
16	180	N/A	180	\$1,994
18	220	N/A	220	\$2,260
20	300	N/A	300	\$2,865
24	430	N/A	430	\$3,807
28	590	250	840	\$4,886
30	685	300	985	\$5,908
32	780	500	1280	\$10,302
36	940	750	1690	\$16,606
40	1280	800	2230	\$19,204
45	1535	1200	2735	\$23,200
50	1920	1600	3520	\$27,200



For a rental unit you may want to start with size 24 at least, size 24 can be purchased for just \$3,807. As stated, on the chart info, which was taken from a brochure, this size is convenient and adequate for a weekend cabin, garage, large workshop, or a guesthouse. Anything less that this would be too small.

A unit of that size should be able to rent for whatever an efficiency or one room studio apartment in your area might rent for or more due to it's uniqueness. This could be anywhere from \$150 -\$300 to \$500-\$600 or even \$700-\$800 per month or more depending upon where you live

Let's look at the numbers.

In this example, \$3,807 is just the purchase price for the kit; there obviously are other expenses that you would have to consider as well. You would have to assemble the unit. This could be done by you and a few other people who may or may not have some skills. You also would have to have electrical wiring and plumbing installed. A licensed contractor could give you an approximate estimate on that even before you make a final decision.

You would need a stable foundation and you also would need to add covering, doors, window's etc. which are not included in the prices listed.

What is most important is rather or not you would consider this a viable option and rather or not you could make it economically feasible for you. You obviously are giving up something in exchange for installing a rental unit so this should all be carefully considered.

As you can see from the previous chart, you could purchase a two bedroom, two bath "starter home" with upstairs and downstairs for just \$5,908 and a five bedroom, three bath "luxury home" with upstairs and downstairs for just \$19,991 to \$27,200.

For the sake of simple computation just take whichever size unit interests you on the previous pages and whichever price you would be most comfortable with and multiply that by about 100%. In some cases, a fully completed unit may cost you about 150% of the costs of the structures alone. Either way you still can save a tremendous amount over new construction costs. This is how you calculate or get a very rough estimate of final costs. Final costs include shipping; handling; labor; professional contractors (plumbing; electrical); additional materials, doors; carpeting or whatever other expenses you will incur to make the place habitable.

We can start with \$10,000 as a total cash outlay (for one of the smaller units). Rather the \$10,000 comes from an over-finance, a refinance, a home-improvement loan or some other source we can safely calculate the payments on the debt at about \$100 per month or less.

One good thing about buying a prefab unit to install on your own property is that you will pay no more or no less than anyone else will regardless of where you live. If you live someplace wherein you could not reasonably rent out your rental unit for an adequate profit to make it worthwhile then this may not work for you. But there are many areas, Cities, towns, etc. wherein a single, bachelor unit of 500-600 feet could easily rent out for enough to make this very profitable.

All that you would have to do is provide decent and affordable housing for those who need it and who don't require any more than what you provide. Housing is a serious problem for many people, especially in certain urban and suburban areas so finding suitable tenants ready, willing and able to pay should not be a problem.

The 8 things that you have to consider

- 1) The amount of land available on your property
- 2) How much of it and your solitude you would be willing to give up.
- 3) The need and demand for housing in your specific area
- 4) The market rents in your area
- 5) The monthly cost basis (if financed)
- 6) The amount of net profit you could make
- 7) Local laws and ordinances
- 8) The negative aspects of having tenant(s) so close to you
- 9) Rather or not the whole thing is worth it

It should be obvious that you could supplement your income using these methods but we still haven't gotten to a rent-free position yet. The way that you reach that level is to use this method in conjunction with others. There are other ways that you could use this to live rent-free. One method would be to buy a smaller, lesser unit, erect it in the back of your house on your property then rent out your primary residence while you live in the smaller unit. Your tenant pays enough in rent to cover both your primary residence and the unit you've installed for yourself.

This method might be particularly attractive to one of the numerous homeowners who frequently lose property to

foreclosure for inability to pay their mortgage. If the homeowner were to do something like this before losing the home then this could allow him to keep the place and remain on the property while somebody else pays for it. Once their financial situation turns around they could always move the tenant out and move back into the house.

Laticia

Laticia had inherited a very modest older house in a modest neighborhood. The house was a 2 bedroom older home with very small rooms. The place wasn't much to look at but it had a very large back yard that was just taking up space. Using a combination of strategies Laticia was able to build the home of her dreams and live rent-free.

The neighborhood was modest but Laticia loved its tight-knit community flavor. The area was starting to turn around and the rents were going up because of several new industries in the area and the fact that there was very little area left for new construction. Laticia decided to obtain a geodesic unit similar to the "luxury unit" mentioned earlier. Her purchase price for the basic structure was about \$25,000 for a large unit that was almost 2000 square feet, upstairs, downstairs with 3 bedrooms; a den and a home office; a large living room and dining area, 2 bathrooms. She spared no expense in make the place everything that she had always wanted.

Laticia's mortgage on the original, older house was just \$400 per month. She was able to refinance the place and use the money to convert the 2-bedroom house into a duplex and erect a new prefab unit in the backyard for a total of about \$49,000. The one bedroom units of the duplex were rented out for about \$550 each for a total of \$1100 per month. This was more than enough to pay the entire refinanced note including the new unit that Laticia had erected for herself.

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REVERSE MORTGAGES

This method applies to senior citizens only. The way that it works is that the homeowner basically sells their home to a lender or investor but gets to continue living in it. The way that the deal is structured is that the homeowner gets either a lump sum of cash now or receives monthly payments for the rest of their life or until they decide to vacate the property.

The lender/investor is given an interest in the property that gives them full ownership at the time of your death. Frankly, the lender is basically betting or banking on the fact that you will probably die sooner than later and that your demise will make this a good and profitable arrangement for them.

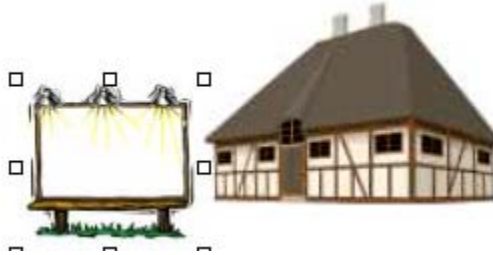
Usually, the lender will have no continuing obligation to your estate if you should pass away. They will just take full possession of the property. The advantage to you is that you get to continue living in your own home rent-free for the rest of your life.

The idea may be a little morbid but it is an unfortunate reality that senior citizens do lose homes all the time for lack of an ability to pay. If the people that they would leave the property to are not willing or are not able to help them out then they have nothing to lose by signing the property over to a lender for a lump sum of cash or for a reliable monthly income.

Please check this out with your own professionals, attorneys, and advisers before entering into such an agreement. Also, you should be mindful of the fact that there are a LOT of leeches who purposely prey on and take advantage of the desperation and ignorance of many senior citizens. Any situation such as this should be carefully considered and should *NEVER* be entered into with people of questionable character for obvious reasons. Remember that if you pass away, they get the property! My recommendation would be to only consider such an arrangement with a reputable financial institution rather than some individual investor. The proper term for this is a *Reverse Mortgage*.

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GET CORPORATE SPONSORS TO PAY YOUR RENT



Another way of getting someone else to pay your mortgage for you and getting free rent is to take advantage of the opportunities available through billboard advertising. In the advertising business this is generally referred to as *Outdoor Media*. There are opportunities here for you to live rent-free if you can recognize the opportunity and be a little creative and unconventional.

We've all seen the numerous billboards that are out there. Most of us have never stopped and thought much about the outdoor media or how this industry operates. Within this industry is the opportunity for you to live rent-free. All that it takes is a little effort and the foresight to see the possibilities.

- Billboards are usually located either on public, commercial property or private property. Regardless of where it is located the advertising company usually has to pay a fee or rent in order to be there. This fee is paid to the owner of the property.

In order to appreciate fully the possibilities here you just need to understand one basic fact: Outdoor media advertising is not cheap. It can be quite expensive. Billboards rental rates can start at around \$5000 per month in certain markets (such as Los Angeles). A portion of this fee is then paid to the property owner who permits

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the billboard to be on his property. What portion? Everything is negotiable.

If you start looking, you may notice that many billboards are sitting on private residential property. If a billboard can command \$5000 or more per month then the property owner should be able to get at least enough money to pay his mortgage on the property.

Once you understand how this works you may see the tremendous opportunities that are out there for you. The key is location, location, and location. The main thing that advertisers care about is impressions. *Impressions* are the number of times that an ad message is likely to be seen.

Most billboard advertising is intended to reach a very broad rather than a targeted audience. The main concern is the amount of traffic that passes by a given location. The more traffic, the better the location and the more they can charge. The more they can charge the more that you could be paid for permitting a billboard on your property.

Your two choices are to go through an ad agency that specializes in this type of marketing or to do everything yourself and rent out your own billboard space on your property. If the billboard can be clearly seen by drivers passing in either direction then you could even get two companies to advertise on your billboard. One for each direction or you could get the same company to pay for both sides of the billboard.

The next time you are driving, start noticing all of the billboards that are out there. Notice where they are located and the ad messages that are on them. Take a good look. Before, you may have only noticed the ad messages. Now, I want you to consider the fact that somebody is paying good money to have all the billboards out there. Consider the fact that there are companies who specialize in this and they know how to construct, set up and design all types of billboards.

If the local zoning laws permit it, you could easily get into this business yourself by just having a billboard placed on your property to rent out. Obviously this only works well

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in high traffic locations and areas where this is lawful. Many residential or suburban neighborhoods would not be suitable for this and local zoning laws may prohibit it on some streets but allow it on others.

Some properties already have fencing that could be used as good billboard space, especially if the fencing is highly visible to the commuters on a busy freeway. Remember that location is everything. If you have the right location, everything else can fall into place for you if this is what you desire to do. The three prerequisites that make a location *right* are these. Heavy traffic, high profile and local laws permit it.

Not only is this a good way to create a rent-free situation but it would not be a bad idea to specifically seek out property to buy or lease that you could use in this manner. If you find property for sale that already has a billboard on it just ask the realtor about the billboard and the existing circumstance regarding the rental of space on it. Bottom line is you want to know exactly how much the current owner is being paid. Regardless of what that amount is, once it's your property you can renegotiate the terms and charge whatever the market will bear unless the existing lease on the space stipulates that the new buyer must agree to maintain the current lease.

Zoning Laws

Zoning laws and local ordinances usually restrict or prohibits billboards on residential properties if the street is zoned as residential. But this is usually permissible in areas where the area is zoned for both residential and commercial use. This simply means that any residential property could be converted to or used for a commercial business. In a strictly residentially zoned area this would generally not be lawful.

If you live in or desire to move into the type of neighborhood in which you could take advantage of these opportunities then contact advertising companies that service your area. The best way to find them is to use the yellow pages or to do a search on the Internet. If you type in

the words outdoor media advertising you should get plenty of companies to choose from. You could also type in your state or city to further narrow the search down to companies that service your area.

Another way to find the companies is to just get the name off of the billboards in the area you're considering.

Samples companies are listed below. These companies want to make your house available to billboard advertisers and you can negotiate a fee that you want to be paid.

- Vista Media
- Outdoor Systems
- Keller
- Regency

Alternatives to billboards

Most problems can usually be solved with a little brainstorming. Suppose that you feel that you have a prime location and could easily get an advertiser to pay you enough money to pay your rent every month. Suppose that your home sits on top of a hill that overlooks a very busy freeway. You find that local zoning laws and ordinances prohibit any new billboards from being erected.

You determine that you could easily collect several hundred or a few thousand dollars per month for the right billboard complete with night lighting.

Well, in this case, a viable alternative might be to rent out your prime location on a *mobile* instead of a static billboard. A mobile billboard would be similar to a regular billboard but it would be on wheels. This could either be a trailer that carries a typical sized billboard ad or even a huge truck that has the advertisers message attached to it. You could also paint the message directly on the truck itself (but this would probably not be a good idea unless you have a long-term contract with the advertiser.)

The advantage of doing this is that this may allow you to get around the laws that prohibit billboards per se.

Instead of erecting a billboard now you're just parking your truck...on your own property... where the busy

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commuter traffic just happens to have a good view of it. And you're getting paid for it but that's your business. The main thing is that you would not then be guilty of erecting a new billboard. You could still provide the night lighting that the advertiser desires and collect the same amount of rent.



THE PROXY INVESTOR STRATEGY

Duplex, Triplex or Four-plex



We call this the *proxy investor strategy* because it is a way to get other people to buy your house for you. They pay all the bills while you enjoy and own the place rent-free. This is just another way of looking at it.

One method of living rent-free is to purchase a small unit rental property. It is advisable that an investor should strive to make their first home purchase a small rental property. The goal should be to purchase a property that you can safely pay for even if your tenants are less than reliable.

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First of all, consider that a duplex, triplex or a four-plex is looked at by mortgage lenders as a *single family home* rather than as a rental property. This factor is important in terms of locating financing and qualifying for a loan. Another important consideration is that a duplex will often sell for a price that is comparable to a single family home in the same area. One of the reasons for this is that often, the two units of the duplex will share the same amount of land and will often have less living space or square footage than a single family home in the same area. Regardless of the reasons for it though, just remember that you can often find a duplex for the same price as a single family home.

Sometimes you can even purchase a duplex with which you can rent the second unit out for enough to pay for the entire monthly mortgage, or most of it. Some duplexes are really just single family homes that are split in half. If you look at it like this you can understand why you can buy some duplexes that you can live in rent-free while collecting enough in rent from your single tenant to pay the entire monthly mortgage.

Even if you can't do this when you initially purchase, you may be able to later do this as the value of real estate and the market rents rise while your mortgage payment stays the same.

The idea is to buy property that can also bring in additional monthly income.

A real estate broker/investor put it like this:

- With a single family home you pay the entire mortgage yourself from your income or cash reserves.
- With a duplex you can make enough money to cover most of or your entire mortgage.
- With a triplex you can make enough money to pay your entire mortgage and live rent-free
- With a four-plex you can make enough money to pay the mortgage, live rent-free and have rental income.

Another way to look at it is this:

- With a single family home, if the tenant stops paying or moves out then you're 100% vacant.
- With a duplex, if one tenant stops paying that's a 50% vacancy.
- With a triplex, if one tenants stops paying that's a 33% vacancy.
- With a four-plex, if one tenant stops paying that's a 25% vacancy.

So if you want to live rent-free, you can just look for real estate to buy that will easily allow you to do just that. Many people who attempt

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to do this focus their attentions only on lower priced properties. This can be a mistake. The only thing that matters is rather or not the rental income will be enough to accomplish your objectives. Keep in mind that rents can vary dramatically depending upon where you buy. Similar sized properties can rent for from \$400 to \$4000 per month depending upon where it is.

The big advantage of lower priced properties though is that it will be easier to pay the difference yourself if a tenant begins to default. That is an important consideration. You don't want to get into the trap that many investors/buyers have found themselves in. You don't want a slow paying or deadbeat tenant to cause you to be unable to maintain your mortgage and end up going into foreclosure and ruining your credit.

With this in mind, consider the following. If the mortgage on the duplex is one that you could safely pay yourself then you do not have to worry about your tenant. Imagine the security of knowing that you are not depending upon your one tenant in order to maintain your mortgage and keep your credit intact.

Imagine also the vulnerability of being in a situation where if the tenants rent is late then your mortgage will be late. If the tenant loses his job or just decides not to pay then you won't be able to pay your mortgage till you evict him and get a new tenant. (This could take 3-5 months or more if the tenant milks the system and knows how to stretch it out). One tenant problem could potentially cause your entire investment to go up in smoke. You don't want this.

For these reasons it is best to plan ahead so that your tenant(s) will not have as much power over your future.

Single Family Home example

Mortgage payment on the single family home (with principal, interest, taxes and insurance) is \$1000 month. You lose your job, get laid off or suffer some other major financial setback. With no income with which to pay the mortgage, you stand the risk of getting behind, going into default and eventually going into foreclosure and losing the home.

Duplex example

Mortgage payment on duplex is \$1000 month. You live in one unit and rent the other out for \$800 per month. You cover the remaining \$200 per month from your regular employment income. Although you

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are using the \$800 per month to pay most of the mortgage you know that you could easily pay the entire \$1000 per month all by yourself.

Now this is a position of security and strength. You expect your tenant to pay every month and to pay on time, but should they default you know that you can still cut the check to keep your payments up until you get them out and replace them with a new (and hopefully better) tenant.

Triplex example

Mortgage payment on the triplex is \$1400 per month. You rent two units out for \$800 a month each for a rental income of \$1600. You live rent-free and have \$200 positive cash flow, which you set aside for maintenance and upkeep of the property. Should one of your tenants suddenly leave or go into a default for some reason, you still have the other tenants \$800 per month plus you could easily pay the other \$600 from your own income until you get a new tenant.

Four-plex example

Mortgage payment on the four-plex is \$1800 per month. You rent three units out for \$800 per month each for a total rental income of \$2400. This gives you the \$1800 per month necessary to pay the mortgage plus \$600 per month positive cash flow, which you can use any way you want. In addition to that you are living rent-free. If one of your three tenants defaults on the rent then you will still have a rental income of \$1600, which will be almost enough to pay the mortgage for you. All that you'll need to do is come up with the balance of \$200 per month. In this example, even if two of the tenants mess up at the same time you still will have the \$800 per month from the paying tenant and you can make up the other \$1000 per month yourself.

Money Management

In each of these examples there should be no reason that you should ever have a problem with this investment if you plan properly and manage your money wisely. First of all you should always have a cushion to rely upon in case tenants default or you have to put money into your property for repairs etc. If you did not have this cushion when you bought, then you can build up this cushion by putting money aside each month. This should be easy to do if your rental income is satisfying a majority portion of your expenses. From your own income you should still 'pay' the full amount that you are capable of, but pay it to yourself.

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Set it aside in a separate account to be used exclusively for that investment property.

In other words, you buy knowing that you qualify for and could pay \$1000 per month on your own income. Then you should pay that amount to yourself for awhile even if you don't have to pay that on your mortgage every month. If the tenant income pays the entire mortgage then you should still set aside \$1000 per month as a cushion for at least 6 months to a year.

This requires discipline but if you can do this then you should never have a problem and will not feel at the mercy of your tenants. They will not be able to ruin you financially with just one default. Their problems will not have to become your problems. If you have a positive cash flow you should not only set that aside but also pay rent yourself for a number of months. Pay this 'rent' to yourself by setting aside a certain amount of money every month to use exclusively for your property. After you have accumulated a "cushion" and are comfortable with it then you can begin to enjoy the fruits of your investment and perhaps start spending some of the money that you're saving by living rent-free.

Keep in mind also that, although it's unlikely it is still, of course, possible to have a 100% vacancy factor at the same time even with three or two tenants. You need to consider and prepare for that as well. What if the monthly mortgage due is \$1800 and all of your tenants stop paying suddenly. On your personal income you know that you can safely pay \$1000 per month but where is the other \$800 going to come from? That is where your cushion comes in handy.

While you were living rent free you set aside \$1000 per month for 6-12 months. You should have at least \$6000-\$12,000 sitting in the bank in a separate account for this property. If your two or three tenants stop paying, can't pay or refuse to pay and have to be evicted, you'll still be able to cover the \$1000 per month from your personal income plus the \$800 per month from your cushion account. Your dead-beat tenants will be evicted and replaced long before your cushion account runs out. When the tenants are replaced you can go to living rent-free again.

Remember though that now you will need to re-establish your cushion account. Some owners rely upon credit cards to handle these unexpected circumstances but your best bet is to have the cash handy. Remember that if you buy right and sell right, you will eventually get back every penny you put into a property.

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CHAPTER III

How to Get FREE Real Estate



Here is a big-ticket item that you probably thought could not be obtained for FREE. Well there are actually a number of ways to receive free real estate.

ADVERSE POSSESSION



You can get real estate by a little-known process called "adverse possession". Every state in the country has adverse possession laws. Essentially these laws give you the right to stake a claim and take title to a property that has been technically and legally been 'abandoned' by the

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rightful owner. This happens more often than you might think or realize.

First, let's talk about property abandonment. There are a number of reasons that property gets "abandoned". Remember that there is no limit to the diversity of human nature. If you can conceive of it then it has probably occurred rather it makes sense to you or not. Most of us go through life assuming that most people's lives are at least as simple and orderly as our own. We don't even think of the extreme deviations from the norm.

Death - One of the most common reasons for property abandonment is death. The owner of a property simply dies and has not left or willed the property to anyone or if they have the heirs do not come forward or cannot be located. This happens frequently. There are numerous people with very few or literally no family ties or connections whatsoever. Many people die without a will. Many people have no competent person or family member who comes forward and files a claim on the estate of the deceased. When there are no known heirs the property will *escheat*. This is the legal term for the reverting of title to property to the state when the owner dies and there are no known heirs.

Coma - Perhaps the owner has not actually died but has been in a severe coma for several years and nobody is managing or tending to their affairs.

Amnesia - Homeowner may suffer some accident, trauma, or even an illness and lose all recollection of their residence. Homeowner may own several homes or actually reside in another area or state and literally just forget about their rental home in another locale.

Traumatic Experiences - Sometimes people suffer extreme duress, tragedy or trauma that is associated with their property and they just want nothing further to do with it. They just walk away, abandon the property, and don't look back. This trauma could be anything from a horrendous

murder or death in the home or even just a divorce or separation. Or it could be a series of events that convince them that the house is haunted or cursed. After the Northridge earthquake in the Los Angeles area in 1994 a lot of homeowners just walked away from and abandoned their property in the San Fernando Valley. After the decline of the oil industry in Texas in the mid-eighties a lot of displaced workers just abandoned their property their and left the state without looking back.

Incompetence - Some people, particularly those who own (or perhaps inherited) a home or several homes other than their primary residence which may be out of town, are just intellectually incompetent. They lack the wherewithal to manage their own affairs or to maintain or manage a second property. They may be illiterate and dysfunctional people with nobody to assist them or apprise them of their rights, duties, or obligations.

Don't Care - Some people, particularly those who have ownership of real estate that is not a primary residence, just may not care or be very interested in a particular property. Perhaps the home has been in the family but they conclude that it is more of a burden than it is worth. The place is out of state, in severe disrepair. Cannot legally be rented or refinanced. Perhaps they own it free and clear but don't have the money or don't want to invest money into rehabbing it. Perhaps the entire neighborhood suffers urban blight, the owner has more pressing matters to attend to and they just don't care what happens with the property. They may consider it more of a burden than an asset.

Property Problems - Perhaps the home suffered a fire or severe vandalism and the insurance company has already paid on the claim. Perhaps the property was owned free and clear by an out of town owner who is a serious "don't-wanter". He knows the property is there and plans to do something about it ..."when he gets around to it". He procrastinates and never quite gets around to taking the trip and handling this little matter of business.

Incarceration – A homeowner may be arrested and convicted of a crime or they may inherit property while they are already incarcerated. Often times the homeowner gets an extended sentence and has nobody to look after their affairs so the property is neglected and abandoned. If the property is in need of major rehab it may be very difficult for an incarcerated person to even arrange to use it as collateral for any bank loan.

For all of these reasons and others, including a combination of the above, property is abandoned all over the country. Perhaps the lawful owners do not consider the property "abandoned" but, based upon their actions or inaction's, the rest of us do and the law will. That's the key.

The key is to locate an abandoned property and then move into it taking up residence there. That's right; just move in and take possession.

I know what you're thinking right now. ("But isn't that trespassing?") Answer is NO. No it is not necessarily trespassing. Trespassing laws define trespassing as "to enter unlawfully upon the land of another" or "to make an unwarranted or uninvited incursion" or "the tort of wrongful entry on real property". I know that it may sound as though you are clearly trespassing. But what is important is that only the lawful owner can declare that you are indeed trespassing. Law enforcement or the courts cannot make that determination independent of the lawful owner's declaration.

You have determined that the property was "abandoned". The lawful owner cannot be located. (You have made a reasonable attempt). And they have demonstrated no interest in the property whatsoever for an extended period of time.

It is important that you do not sneak in the back door when the neighbors aren't looking and read by candlelight at night. This would suggest that you are indeed doing

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something suspicious. The laws require that you have an "open and hostile" possession. This means that you must ensure that everybody knows and sees that you have taken up residence. It must be clear that you are openly occupying the premises. And you must have a reasonable belief that the property has been abandoned.

There are a few things you must do which will help establish your "open occupancy". Turn the lights and utilities on and do it in your name. Keep a porch light on at night so that it can be crystal clear to neighbors and anyone driving by that someone is indeed living there now. List your name, phone number and the address in the phone book. It wouldn't hurt to even put your last name on a sign on the front door or the mailbox.

It is not necessary that you explain anything to your neighbors about how or why you have the right to be there. It's none of their business. But it is important that they know that you are there. It is also important that you had a reasonable belief that the property had been abandoned and that there was no lawfully interested party objecting to your occupancy.

You may not want to move in immediately. It would probably be better to start taking an active interest in the property and then just gradually move in. You could start with turning on the lights and keeping them on all night for a while. Cut the grass, do other things. See if anything happens before you actually move in. Post public notices in the local newspapers for several months if necessary.

You should treat the place as your own and do what any other property owner would do with their home. Cut the grass, repair the fence, and paint the house if necessary. Act like a homeowner.

Each state determines the period of time that you must openly occupy the premises. But once the time period has elapsed you can then file a claim for *adverse possession*.

You go to your County Courthouse with copies of the utility bills; phone bill; property tax receipts and say. "I

would like to file for lawful title to this property." You don't have to hide anything and you are doing nothing wrong or underhanded. The law has provisions for what you are trying to do and you are doing everything the right way. You took over the property because you had every reason to believe that it had been abandoned. You've kept it up, maintained it, kept it from being an eyesore in the community and a magnet for drug users, graffiti vandals and others that would have destroyed the place, and most importantly you've kept up the property taxes on the place.

If not for you the state would have placed a lien on the place anyway for non-payment of property taxes. If not for you the state would have eventually taken full possession and sold the tax lien to an investor if possible. The investor would have eventually owned the place free and clear. So either way, with or without you the lawful owner was going to lose the property.

If you have had open and hostile possession for the required number of years with no dispute from the owner or their estate, papers will be filed and you will acquire lawful title to the property.

Question: What happens if the owner drives by a week later and calls the police saying that a trespasser is living in their home.

Answer: The police will come out to investigate. Here is a possible scenario:

POLICE: <Knock. Knock>. *Police officer. Open up!*

YOU: *Yes sir. How can I help you?*

POLICE: *Sir, this gentleman says that you are trespassing on his property without his permission and he's got paper's here indicating that this is his place.*

YOU: *I'm sorry officer, but this is my property. And I have papers here to prove that.*

PREVIOUS OWNER: *You're crazy! This property has been in my family for years. My grandmother willed it to me and we have never sold it to anyone!*

YOU: *I'm sure that is all true sir. But I have been living here openly for the past five years. I made every effort to determine if anyone had an interest in this property and from all indications the place had been abandoned.*

I have kept the porch light on at night for the past five years. My name has been prominently displayed on the mailbox. My name and this address are openly listed in the phone book. I even printed a public notice in the paper listing this address and stating that I would move in if I did not hear from the property owner. I waited 6 months before moving in.

Most importantly, I have been paying the property taxes on this place for five years and had I not done that you would have lost the place to the state anyway and they would have sold it by now. So sir, it's unfortunate that things worked out the way they did, but I am the lawful owner of this property under the law. Sir, I would suggest that you check this out with the county courthouse, they can further explain the law to you on this matter and confirm that you no longer have a legal right to this property.

I realize that this scenario does not make you feel good. It's not supposed to. Your consolation is in the fact that with or without you, he would have lost the property and there would have been absolutely, positively nothing that he could have done about it after the fact. People lose property all the time for a number of reasons and they frequently lose property for non-payment of property taxes. For want and lack of just a few thousand (even a few hundred) dollars to pay the property taxes, a LOT of property gets taken from the owners via a tax lien. There is no reason that you to cannot benefit from someone else's loss.

Does the Win/win philosophy apply here? You bet it does. The neighborhood wins because the place doesn't sit vacant as a rat's nest. The state benefits because someone is paying the tax bill. You win because you get a property

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for zero cost. Everybody wins but the previous owner but he would lose anyway and that's not your fault.

In a way even the previous owner wins. With you now owning the place at least there is a possibility that, because you know you got the property through their misfortune or perceived abandonment, you *may* be willing to work something out with them. You could offer to pay him a token or a reasonable fraction of the property value, cook him dinner or do something else to appease them as a good-will gesture (although you are under no legal or moral obligation to do anything at all for them).

But if they start crying and make you feel really bad, you can always deed **YOUR** property back to them and move out. You would agree to do this providing that they pay you a reasonable amount for maintaining the property for all these years and for protecting the property and keeping the state from taking it. Your own conscious can guide you but truly even this can turn out to be a win/win situation for **ALL** involved including the previous owner.

Even if their story touches you so much that you decide to return the property to them with no strings attached, at the very least you were able to live rent **FREE** for the past five years or so.

You have to become a committed detective to uncover all the info you need if you want to obtain property this way.

14-STEP ACTION PLAN TO ACQUIRE ABANDONED PROPERTY

Step 1) Locate possible abandoned property. You can tell by the fact that it has been vacant for an extended period of time and there has been no evidence or indication that anyone is maintaining it. There is no sign by a realtor, nobody is doing anything whatsoever relative to the property and everyone knows it. The best properties to take over are the ones that have been cleaned out. No furniture clothes etc. although sometimes property is abandoned with everything intact.

Step 2) Investigate: Ask around. Ask the neighbors about the previous owners or about the situation. Gather all the info you can. Try to find out about relatives, heirs, whatever info you can get.

Step 3) If nobody knows anything, the owner died or nobody knows or seems to care go down to your county court house with the address and check the property records. (This is public information and by law it is open to all. You also can call a Title insurance company and request as much info on the property as you can get. If you know how to talk to them you can get everything you want at no cost.

Step 4) Check the title to see who is listed on it, who has an interest in it. Record the names and numbers.

Step 5) Check with the county tax assessor office to see if the next or last tax bill has been made.

Step 6) Follow up with the lien-holders, insurance companies, etc. to see if anyone is paying these bills. Try to determine if they are being paid actively by a live person or if possibly some automatic payment account has been set.

Step 7) If it appears that there is active and current interest in the property you may want to drop it at this point. But keep in mind that the owners abandon property sometimes,

but payments continued being paid directly from some automatic payment account. In other words, payment activity does not necessarily mean that the place has *not* been abandoned and inactivity does not automatically mean that it *has* been abandoned although it is a strong indicator that maybe it has.

Step 8) If you have good reason to believe that the place has been abandoned you could put a public notice ad in the local paper listing the address and stating an intent to move in if you don't hear from the owner or other interested parties. Run it a few days or even a few weeks or months and keep this ad for your records.

Step 9) Go down to the utility company and get info on the previous utility service. How long has it been? Did they just stop paying the bills or did they first terminate the account. Open an account at that address in your name.

Step 10) Entry. This step is crucial. You don't want to be accused of attempted burglary or anything. There are many ways to do this, but it would not be a bad idea to get a cop to go with you. There's no need to make a big production out of it that would involve the entire police department. You just want to find one low-ranking cop to be present when you enter the place. Don't kick the door in. Get a locksmith to open it and get a new key made. Do nothing that might suggest that you are doing anything illegal or unethical. Leave a clear trail that would only suggest that you truly believed the place was abandoned and wanted to take lawful *adverse possession* as per the law.

Step 11) Now that you've gained entry, you still don't move in. Turn the porch lights on. Turn on some of the house lights. Put a sign on the place, literally stake a claim (the way they did in pioneer days). You could even drive a stake in the ground stating simply PROPERTY OF BOB SMITH PRYOR (555)555-0000. No more, and no less needs to be said. Leave the place like this for as long as several months. Keep checking, see if anyone calls you to ask you what gives, pulls the stake up, or does anything else that would

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suggest that they are the property owner and still have an active interest in the property.

Step 12) Move in. Occupy the place openly for the required amount of time.

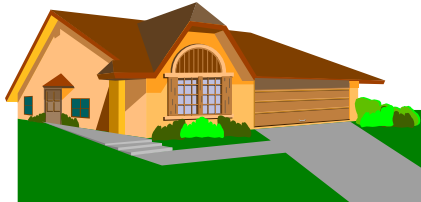
Step 13) If the required amount of time elapses with no challenges to your right to occupy then file the papers with the county courthouse. Bring all your evidence with you. Be prepared to show (anyone) all the steps and activity that you've taken that led to this point. Your tax receipts will be your most important documentation.

Step 14) The place is yours. You will be granted title to the property. You can now sell it. Refinance it. Rent it out. Stay in it, or do anything else you want to do with YOUR home now.

Again, if you wish to do this then your very first step should be to go down to your courthouse and ask them what the specific procedures are in your state for acquiring abandoned property by adverse possession.

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FREE REAL ESTATE WITH GOVERNMENT TAX LIEN SALES



In the above example, we see the power of the state to file a lien against a property for non-payment of state property taxes. Another way to acquire real estate for FREE is by investing in tax liens.

This is how it works: The property owner fails to pay their property taxes when due. After a period of time and a concerted effort to collect the state filed a tax lien on the property. This means that the state lien guarantee's that the state will be paid it's due (plus interest and penalties) at the sale or refinancing of the property. The lien is for a set period of time known as the (redemption period). During this time the property owner can cure the tax lien by paying what he owes and thereby have the lien removed from the property.

The problem with this is that the state still does not get any money. They just have a piece of paper that entitles them to payment if and when the property is sold or refinanced. The lien also allows them to foreclose on the property and take full possession of it after a certain period of time. When this happens, all other liens are wiped out. Eliminated. Destroyed.

The reason for this is that the other lien holders have the right and option to pay the owners tax bills themselves. If they fail to do so then they could end up losing their interest in the property. The states just want their money

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and don't really care who pays the bill. If nobody pays it, they take the property, end of story, and no debate.

After placing a tax lien on a property the state can then sell the tax lien to an investor. The investor gains the right to collect from the owner the full amount of the tax lien he has paid plus the interest the lien has accrued. This may be anywhere from 10% to 50% depending upon what state you're in. One way or another the investment money plus interest WILL be recouped so it's a very secure investment.

Either the owner will eventually pay his bill with interest and all the money and interest will be forwarded to you or the redemption period will expire and you, as the tax lien holder can foreclose on the property. Remember what I said about any other liens on the property? They get wiped out. Once you foreclose, you will own the property FREE and CLEAR regardless of how many loans may be on the property or for how much they may be.

The tax liens are generally sold via a sealed bid process. This bid may be in person or by mail. There is no guarantee that you will win the bid, as you must compete with other investors, which may include the other lien holders. But sometimes the property is owned free and clear and there are no other lien holders. If you are interested in acquiring property like this then you should do your homework and invest in more info than what I have given you here. There is more that you need to know. (Although not that much more.)

If you acquire property via this method the property is obtained FREE. Basically you just bid on the tax bill and the right to the lien, but you pay nothing for the property. If you do it right and get a good deal you can easily recoup the money you invested in the lien thereby making the entire transaction cost-free. Some properties have been obtained like this for just a total investment of a few hundred dollars on a tax lien certificate.

FREE REAL ESTATE FROM GOVERNMENT PROGRAMS

How to Get Uncle Same to Buy You Your Home



There are no government programs that will directly buy your house for you, but with a little planning and creativity a person *could* use a government program to buy their house for them. For example, we all know that there are a number of rental assistance and rent subsidy programs for low-income persons, senior citizens and handicapped individuals that qualify. These programs are there specifically to ease the burden of paying rent.

Suppose, for example, that you or a parent owns a home and is over 65. You have identified a government program in your area that will provide a rent subsidy to low-income citizens over 65. You will not qualify for this particular program as a homeowner although you (or your relative) would qualify for it if they were a *renter* instead of an *owner*.

How could you/they qualify for this particular program? Easy. Just become a *renter* instead of an *owner*.

Suppose, for example, that you are a homeowner, are over 65, and are also low-income. Perhaps your property has been refinanced. At any rate, you have 12 years remaining on your mortgage. You have very little money left after paying the mortgage and other basic living expenses. You need some help. You offer to “sell” your property to a trusted friend or relative, perhaps a son or daughter. You do a quitclaim deed that assigns the property over to them as the new *owner of record*. The relative assumes the existing financing (if it’s assumable) and becomes the party responsible for the loan. No money actually changes hands at all (and you really don’t even have to do an exchange of paper).

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All that you're doing is removing your name from the records as the *owner of record*. Your relative becomes the new owner of record on the property. You now become the *tenant* of the property. Now you *rent* the property out from your relative or child just as you would from anyone else. You draw up a rental agreement wherein you agree to pay them the market rent.

You now can apply for rental assistance, which you will now qualify for as a low-income *renter* instead of a homeowner. Under the rental assistance program, the government pays part of the rent and the tenant (you) pays the other portion. The rental assistance is paid directly to the landlord (your trusted relative).

The new owner of record turns around and pays the mortgage on the property that they've now purchased. Everybody ultimately benefits.

Benefit to parent (or you):

The rent subsidy paid by the government is money that they (you) can now keep in their pocket to assist with other expenses. It's like getting a monthly raise of \$400-\$600 or whatever portions the subsidy pays.

The seller does not actually have to lose anything at all. Although someone else now "owns" the property, this could be on paper only. The "seller" could still retain the effects of full control over the property by a mutual agreement. They continue to live in the property, fix it up, and do anything else they choose to do as before. Should they decide to sell it, or for any other reason they could just "buy" the property back at any time. You don't have to actually give up anything at all.

Keep in mind though, in order for this to be legal it has to be official. In other words, there should be no problem with doing this as long as you understand that you have to actually sell the property and become a true renter. If you are just pretending to be a renter but are still in fact the owner then that is a sham and a fraud. You would have to really "sell" or transfer legal ownership of the property and become a tenant rather than the owner. This means that legally speaking, this relative really and truly does *own* the house now and you do not.

This should not be a problem if you can trust that person and they are not going to then turn around and do something scandalous (like sell it out from under you). Should this person decide to be a snake, they could then do what any other property owner could do with *their* property

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including evict you. You just need to understand how this works. You give up ownership in order to get the benefit of rental assistance, you can't have both the ownership and the rental assistance unless you find such a program that benefits owners rather than renters.

If you are planning to leave the property to your child anyway then you could both benefit by selling or giving the property to them *now* rather than after your demise. You could transfer ownership and responsibility for the property to them. Insert a clause stating that as a condition of this transfer that you are to remain a tenant in it indefinitely and rent-free. Then you apply for rental assistance.

You could also stipulate that the person that you give this property to must pay the difference between what the rental assistance pays and the mortgage so that you can live totally rent-free. You could also stipulate in the agreement that if this person should die or become incompetent before you do that the full ownership of the property should revert back to you. You become the full owner again and can then set up a similar arrangement with whomever else you choose.

Example:	Mortgage due is \$725 a month
	Owner must come up with \$725 a month
	Rental assistance pays \$500 a month
	Prior owner (now renter) pays \$225 a month
	SAVES \$500 per month.

In this example the prior owner could still make the rent totally free by then asking the new owner (on paper) to pay the difference of \$225 per month. They might only want to do this if they know for certain that your plan is to really give or leave the property to them anyway.

Another way that they could accomplish the same thing is by structuring an "equity sharing" arrangement. This would mean that you voluntarily give up a percentage of ownership 50% is common in exchange for getting the equity-sharing partner to pay part of the mortgage.

Benefit to the new "buyer":

As the new "owner" you get all the tax advantages and tax write-offs. This will also help your credit status if the payments are paid in a timely manner. You really don't have to do anything at all because the prior owner still pays all the bills (except in the case of an agreement to the contrary.)

This matter could get potentially sticky so it is advisable that you consult with your attorney and real estate professional before undertaking this method. You also want to make absolutely certain that nothing you are doing is considered fraudulent, either in practice or by your intent.

EQUITY SHARING



Equity sharing is a concept wherein two or more unrelated parties participate in the purchase and/or ownership of a property.

Oftentimes this is used when a home buyer forms a partnership with another individual or group wherein they share a part of the initial purchasing costs and part of the monthly payment expenses. Creative buyers and investors have used this concept for years in order purchase more property.

The typical way that an investor might do it is this: Investor/Buyer locates rental property to purchase but they see that it will have a negative cash flow (they will have to pay more in mortgages and expenses than they can generate in rental income. They would then approach a secondary investor and make them an offer; they would agree to share a portion of ownership in exchange for their agreement to share in the expenses.

This secondary investor could either be the tenant who is interested in purchasing but unable to do so or it could be a third, unrelated party. In the instance of using a third party the investor would often offer a 1/3 ownership to both the tenant and the investor.

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Here is a sample arrangement:

Investor locates property that he can purchase for \$5000 down and \$1200 per month.

The fair market rent on this property is just \$800 per month.

Tenant approaches a prospective tenant and offers them a chance to buy a 1/3 ownership by assisting with the down-payment (\$2500) and paying a little more per month (\$200) than they would ordinarily pay for rent. The investor then approaches a third party investor and offers the same deal. Third party investor is to pay \$2500 towards the down payment and then \$200 per month.

Here's how it looks after all is said and done.

Renter/Buyer pays \$2500 towards the down payment and \$1000 per month (\$200) above market rent for a 1/3 ownership.

Third-party investor pays \$2500 towards the down payment and \$200 per month for a 1/3 ownership.

Investor pays nothing down and nothing per month but gets 1/3 ownership for structuring the deal.

Although you may not have heard of deals like this it is actually done all the time. This is a typical *equity sharing* arrangement although there are no absolute rules. Sometimes there is no down payment, just a sharing of the monthly payments.

Hopefully you can see why a prospective renter/buyer might do this.

Benefit to renter/buyer

- They are able to get into a property with no credit check, big down payment, or anything else that might hold them back.
- By paying a larger than normal amount to get into it and a little more than market rent they become a property owner even though they just get partial instead of full ownership.
- They are able to enjoy a nicer place and neighborhood than they could otherwise afford

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- They get the tax savings/deductions which will make the extra \$200 more affordable.
- (They are willing to pay the extra \$200 because they are now an owner rather than a renter.)
- They will get a 1/3 Share of the equity when the place eventually sells or a reduction of the price if they later decide to buy out their partners

The benefit to the third party investor:

- Tax benefits/write off
- Appreciation
- Sharing of the equity

Benefit to the initial investor

- He gets partial property ownership with no money down.
- He is able to buy a property that otherwise would have a negative cash-flow without having to come out of his pocket every month for \$400

Whenever the property is sold everybody potentially benefits. It's a win/win/win situation.

From an investment standpoint, paying \$200 a month to eventually share in 1/3 of the equity of a piece of real estate in a growing real estate market is not a bad deal. \$200 a month = \$2400 per year. After five years that's \$12,000.

One reason that investors go for this is that the property is usually purchased well below current market rates and/or there are obvious ways to improve and increase the property value. A \$60,000 gain in value split three ways is \$20,000 apiece.

Property Value	\$240,000
Discounted purchase price	\$192,000 (20% below value)
Sales price 5 years later	\$282,000
- Original purchase price	\$192,000
Profit	\$ 90,000
\$88,000 divided by 3 =	\$30,000 apiece

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I have used an example that is realistic based upon today's real estate market and trends and most importantly is based on an actual case study. Obviously you can now see how everybody benefited in this deal which is actually nothing spectacular.

Now that we understand how a typical equity sharing arrangement might work let's look at how this concept can be used to create a rent-free situation.

Suppose that you locate the same type of situation as just described.

Property value is	\$240,000
Discounted purchase price is	\$192,000

Monthly payment is \$1200/month (or \$1500)

New buyer (you) structures an equity sharing arrangement wherein you look for a few investors who are willing to shoulder the monthly expenses of maintaining their investment (your new home). This is called a real estate syndicate.

You offer partnerships at \$200/month x 6, or \$300/month x 5 or however you want to do it.

The point is that you offer these silent partner/investors a chance to buy into a hot piece of real estate that you live in and you thereby live RENT-FREE.

You pay nothing out of pocket towards the mortgage but you part is to live in and maintain the property on behalf of the real estate syndicate which you've set up.

Still can't see why they might go for it?

Sales price 5 years later	\$282,000
- Original purchase price	<u>\$192,000</u>
Profit	\$ 90,000
\$90,000 divided by 6 = \$15,000 apiece	

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In this example, the 6 investors got a return of \$15,000 after 5 years on a \$12,000 investment, which is a \$3000 profit. This is NOT a great investment at all but it's much better than they could do at a bank.

$\$200/\text{month} \times 12 = \$2400/\text{year}$
 $\$2400/\text{year} \times 5 \text{ year} = \$12,000 \text{ invested}$

We have used a very modest example here just to illustrate the point. Many such deals can and have been structured wherein the results look much better for everyone involved. You could even structure a real estate syndicate wherein you pay nothing out of pocket, get to live in the property and even get to share in the profits when the property is eventually sold. There is literally no limit to the type of creative transactions that can be structured.

Obviously, in order to do something like this you would have to do your homework and not enter into any business transaction like this haphazardly. You would want to structure everything using your attorney; you'd want legally binding contractual agreements; clear title representation; legal clauses that protect everyone's interest (primarily your own) etc. The best thing to do would be to check with a professional investor or escrow officer who has some experience in structuring real estate syndicates such as this. (Most do not.)

One way to structure a more attractive arrangement and make it better for everyone involved would be to set up a syndicate involving income property wherein there is *at least one other tenant* who will help offset more of the cost of buying and maintaining the property.

This would involve buying a duplex or property with an attached unit or two to help offset the investor's contribution requirement. The bottom line is that you set up a situation wherein *you* get to live on the property rent-free while a combination of investors and tenants pay ALL of the expenses.

FREE REAL ESTATE With the House Moving Method



Another method of getting free real estate is by taking advantage of house moving opportunities. Here's how it works, whenever a company or government plans to renovate or develop an area they will buy all the property that sits on that property. They usually will do this well in advance of the time they actually begin to develop.

They do this because they must get firm commitments from the property owners well in advance of beginning the new construction.

The first thing they must then do is to remove the property that is in the way of the new construction project. The way that they typically remove the property is by tearing the house down. They hire a company to come in and demolish the property for them and haul off the rubble.

This scenario often creates an opportunity for an enterprising individual to come in and take the property. The way that you would do this is to offer to take the house or apartment complex off of the existing property.

There are three people with which you could possibly make this type of house moving arrangement.

- ♦ The new buyer of the property
- ♦ The company that is hired to demolish it
- ♦ The previous owner.

The new buyer

You tell the new buyer, usually a real estate developer, or a government agency that you will do them a favor and get rid of the property at no cost to them. You then hire a

house moving service to come along and move the house from the existing location to a new location. That's right we're talking about actually coming along, picking the house up from its foundation and transporting it elsewhere. I realize that this probably sounds absurd if you've never seen it done but it's actually done all of the time.

You merely pay the house movers for transporting the property for you.

The way to avoid even this expense is to offer the *service* of demolishing or removing the house for a fee. It's the same result as what I've just described, the big difference is that in the first example you offer to do them a favor and remove the house for them, nobody pays anyone. In the second example, you don't present your offer as though there's any direct benefit to yourself other than the fee that you're going to charge them for getting rid of the property.

When you do it this way you can get the new buyer to *pay you* to remove the house. They don't really care if you remove the house by demolishing it then cleaning up the rubble or if you have it picked up and relocated intact. They just want it gone. You then take the money that they pay you and pay a house mover to pick the house up and relocate it to your new location.

Dealing with the Demolition Company

Another method of getting this house would be to deal directly with the Demolition Company. They are paid to demolish and remove the property, you could then make a deal with them where instead of demolishing it they will subcontract with a house mover to pick it up and relocate to a property that you have already located.

The benefit to them is that instead of using their equipment and labor to remove the house now all that they'll have to do is hire another company to relocate it. They may figure that it's all the same to them and subcontracting the work to a relocation company is easier (as long as you have a place for the house to be relocated to without a hitch.)

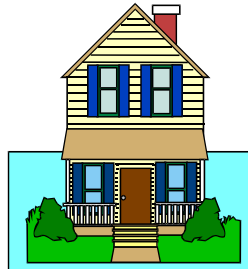
Dealing with the previous owner

Another way that you could acquire the property is by getting it directly from the previous owner. Once the property has already been sold (or before) you could speak to the prior owner about having the property relocated. You could do this either before or after they sell it.

In order to make any of this work you obviously would have to have some connections or some inside info about these type of situations. You can get that if you just make the effort.

Obviously when you talk about picking up houses and relocating them there is a lot to consider and investigate and I don't want to oversimplify it but you can certainly do it just as others have if you do your homework first.

THE \$1 HOME PROGRAM



Can you really buy HUD homes for just \$1?

You may have heard of this before but just filed it away under the category of one of those things that is just too good to be true. But this is indeed true. For many years HUD was unloading some of its excess inventory of foreclosed homes for just \$1.

They usually did this in target areas where investors and buyers were just not buying. Often these sales would be in neighborhoods that were undergoing such undesirable

conditions as urban blight, flight, and decay. The properties were usually in disrepair, may have suffered vandalism and could not qualify for conventional financing.

HUD would then unload these properties for just \$1 in order to get rid of the headache, take the properties off their books, as well as do something that might improve the neighborhood and possibly reverse the downward trend. Anyone could purchase these properties because all you needed was \$1. The only catch was that you had to show that you had the financing or means to rehab the property and bring it up to legal code. There were other conditions that had to be met also and HUD would do inspections to make sure that you were doing what you were supposed to with the property.

THE \$1 HOME

Believe it or not but I actually hesitated to include this one in the book at all for just one reason. It's not actually totally FREE. I'm sorry, there's no getting around it. You will have to pay that \$1 to the government to acquire these properties.

Here's how it works. Property that has been secured by a government loan often gets torn up, destroyed and in need of major repair. Sometimes the condition of the home and perhaps the neighborhood as well is so blighted that no lender wants to loan money on it so therefore the government cannot sell the property outright through conventional methods. Perhaps the property cannot be sold because it suffers major building code violations and must be rehabbed. In certain neighborhoods the real estate market may have few takers or investors willing to invest their money in rehabbing such a property. The government has a problem. They have foreclosed on a property and can't do anything with it.

At some point they may decide to just get the property off of their books. The government becomes a don't want.

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They decide to just get rid of the property. They do this by offering the home to the first person that pays \$1 for the rights to it.

At this point you don't actually take title to the property. You have to show that you have the intent and the ability to actually rehab the property and bring it up to the building code. They give you a specified amount of time (6 months or so) to accomplish this. If you do this within the allotted time they will then inspect the property and if you have adequately improved the property (and therefore the neighborhood) they will then grant you full title to the property. You become the new proud owner with just a total out of pocket acquisition cost of just one dollar (\$1).

QUESTION: Where/How can I find these type of deals?

ANSWER: These deals don't happen every day, but they do happen. You have to diligently check the legal notice section of the newspapers for the area's you are interested in. No real sleuth work is necessary. The ads will tell you outright and in plain English that they are selling the home for \$1. You may have even seen these ads. Strangely enough, most people who see the ads or hear about it just take a pessimistic position and adopt the attitude that "if it sounds too good to be true...it is". (That is one of the most untrue and pessimistic assertions ever promulgated.) Remember that it is not some scam artist or huckster but your government who is advertising these \$1 homes.

NOTE: I have an obligation to show you how to get anything for FREE and \$1 is just not FREE. I am not content unless I deliver what I have promised, therefore, here's how you make it totally FREE. Before you do this you bet somebody (anybody) that you can buy a home for just \$1. Then when you do this you simply collect your \$1 from them and presto! You got it FREE.

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Copy of HUD document re: the new \$1 home policy

GOOD NEIGHBOR PROGRAM

In an effort to expand its partnership with local governments in helping to foster housing opportunities for low to moderate income families and address specific community needs, HUD is introducing its Good Neighbor Program. This program facilitates the sale of aged HUD inventory of single family homes to local governments for ONE DOLLAR (\$1.00).

PURPOSE AND ELIGIBILITY SUMMARY

Properties that have been offered to the public for sale for six or more months and are not presently under a sales contract will be removed from the market and offered exclusively to local Governments for a period of ten days at a sales price of \$1.00 plus closing cost. The property must have been offered to the public for at least 180 days to be eligible. Days on which the property is held off market as a result of a pending sale or other reason do not count toward the 180 day total. To be eligible to participate in this new sales program, local governments must:

Identify the intended disposition strategy and clear public purpose goals and objectives it will pursue with properties purchased through this program; Affirm that all profits/proceeds of sales of HUD homes will go to support local housing/community development initiatives; Identify what specific programs or uses these profits/proceeds will support; and Agree to provide HUD's Homeownership Center (HOC)

Program Support Staff Director with an annual report on all properties purchased under this program. The report must include information on the ultimate property purchaser, the amount of profit realized on the final sale and where the profit was put back into local housing/community development.

As part of its disposition strategy, the local government may indicate that it intends to purchase the property and convey it to a nonprofit organization for rehabilitation and resale to first time buyers,

How to Live Rent-Free

low to moderate income buyers or some other public purpose objective. This is an acceptable approach, however, local governments should be reminded that all information pertaining to the purchase and subsequent resale must be included in the annual report provided to HUD's Program Support Staff Director. Failure of the local governments to comply with any of the above requirements may result in their removal from participation in this program.

Nonprofit organizations and entities such as housing authorities are not permitted to directly purchase properties under this sales program. They are, however, encouraged to partner with local governments in reaching the disposition goals and strategies for these homes.

PROGRAM AND PROCEDURE

Properties will be made available to local governments on a weekly basis with new properties being added as they reach six months of market exposure. Local governments should check this site each week to see what properties have become available in their jurisdiction. **LOCAL GOVERNMENTS ARE ONLY ELIGIBLE TO PURCHASE HOMES WITHIN THEIR JURISDICTIONAL LIMITS.**

The listed properties will remain available exclusively for purchase by local governments for 10 calendar days.

To purchase an eligible home, the local government must execute and deliver the form HUD-9548 Sales Contract with the required special addendum to:

CitiWest's office in Hartford, CT for Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont, BestAssets-CitiWest JV's office in Atlanta, GA for Alabama, Georgia and Mississippi.

ORIGINAL SALES CONTRACTS WITH THE REQUIRED ADDENDUM MUST BE RECEIVED BEFORE 4:30 PM ON THE DATE INDICATED AS THE "DEADLINE". You will see this date on the property list for each property exclusively available to local governments. Late contracts will not be considered. Please note that there is no other way of indicating your interest in or intention to purchase the property. We are not able to accept telephonic, fax or electronic indications of interest.

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To the extent that more than one local government (e.g., city and county) wish to purchase the same property, the first complete contract package received will be awarded the property.

If sales contracts are received within the required time period but contain errors requiring correction, CitiWest will notify the local governments of the required changes and allow five days for the submission of a corrected sales contract. Failure to submit corrected documents within these five days will result in contract cancellation.

If local governments do not submit a sales contract within 10 days, the properties (other than multi-unit properties) will then be offered exclusively to Officer Next Door/Teacher Next Door participants for an additional 10-day period. OND/TND discounts WILL apply to the new list price. If properties remain available for sale after this offering, the properties will be returned to the public list and local governments may then submit offers to purchase these aged properties for \$1.

Consideration will only be given to these offers if no other acceptable offers have been received from the public.

CLOSING PROCEDURES

Upon review and analysis of the contract package, CitiWest will sign the contract (as Attorney-in-Fact for the Secretary of HUD) and forward the contract to HUD's Closing Agent. You will receive a copy of the signed contract and the local government will be responsible for contacting the Closing Agent to arrange the closing. The local government will be responsible for all closing costs incurred in the transaction other than the Closing Agent's fee and wire transfer expenses, if any.

SPECIAL CONSIDERATIONS

Restatement of HUD's "AS-IS" Sales Policy: Local governments are reminded that all HUD properties are sold "as is". HUD believes that an "as is" sale is the fairest, most straight forward sales method. However, even though HUD sells its properties "as is," it is HUD's policy, as a good neighbor, to keep the properties safe and secure, and to preserve and protect the property while it is being marketed.

Liens and Assessments: In those instances where a local government has assessed liens against the properties and/or fines have been assessed by a unit of local government, the local government must take the necessary steps to remove these liens at no cost to HUD prior to closing the sale.

Demolitions: It should be noted that the local government may recommend the demolition of any property which is currently available for purchase by that entity. To consider demolition, the following criteria must be met:

HUD's last listed price, plus the cost of rehabilitating the property to meet HUD's Minimum Property Standards (MPS) is more than 130 percent of the after rehabilitation value. The determination of rehabilitation cost and the after rehabilitation value may require the M&M contractor to procure the services of a structural engineer, appraiser, and/or special inspectors. The appraisal must include the fair market value of the land. The cost of demolition may not exceed the cost of rehabilitating the property to meet MPS.

Review the Environmental Compliance Record to determine whether the property is listed on the National Register of historic Places or located in a Historic District. If the property is classified as "historic", review any conditions on the disposition of the property to determine whether demolition is permitted. If so, follow any conditions imposed in conjunction with the demolition.

In the event that the M&M contractor and HUD are in agreement that the above criteria have been satisfied, demolition of the property will be completed by the M&M contractor. HUD will pay for the demolition and clearing of the debris.

Following demolition, the land will be listed for sale to the general public for 10 calendar days at its fair market value. Should no acceptable offers be received from the general public, the land will then be offered to the local governments for \$1 for 10 calendar days. In the event the local governments have no interest in the land, the property would be relisted on the general listing until the property is sold.

HUD'S NEW DOLLAR HOMES INITIATIVE WILL SELL HOMES TO LOCAL GOVERNMENTS FOR \$1EACH!

HUD launched its new "Dollar Homes" initiative to sell local governments thousands of HUD-owned homes for \$1 each to create housing for families in need and to revitalize neighborhoods.

Under the policy, single-family homes that are acquired in foreclosure actions by the Federal Housing Administration (which is part of HUD) will be eligible for sale to local governments around the nation for \$1. This will apply to homes that have been listed for sale for at least six months and remain unsold. Over 1,000 homes will initially be eligible for sale to local governments under the initiative, with additional homes available for sale each week.

HUD Secretary Andrew Cuomo and Congressman John Kasich of Ohio announced the new HUD Dollar Home Initiative on March 1, which officially begins May 1, 2000.

"The Dollar Homes policy will build better futures for hundreds of communities and thousands of families across our nation," Secretary Cuomo said at the announcement. "It will help reverse decades of decline in our cities by revitalizing neighborhoods, attracting new residents, and promoting homeownership."

Content last modified: June 19, 2000

SALES TO NONPROFIT ORGANIZATIONS

HUD offers to community-based nonprofit organizations the opportunity to purchase HUD homes at discounts of up to 30 percent off the appraised value. With this discount, local nonprofit organizations invest in property rehabilitation and re-sale to first-time homebuyers and low- and moderate-income families. Every year, more than 500 local nonprofit organizations partner with HUD in this program to rebuild their communities.

To find out more about how to participate in these special discount initiatives, call HUD at 1.800.217.6970.

Content last modified: June 5, 2000

ESCHEAT REAL ESTATE

When a property owner dies without a will and/or there are no known heirs, the title to the property will then revert back to the state. It becomes state owned property. The legal term for this is *escheat*. This happens frequently with older people in particular.

Imagine yourself being in their situation. You've lived to a ripe old age and you know that your time is limited. You've outlived most of the people you've ever cared about and have nobody to leave anything to. At that point many of them just don't care, they know that they cannot take real estate or anything else with them when they die anyway so they don't overly concern themselves with it or the fact that the state will get it. They wouldn't mind blessing somebody else with it if they had somebody to leave it to but they don't.

Within this situation are many opportunities for a savvy individual to acquire property very cheaply or even free.

One method is what I discussed earlier under the section heading "Reverse Mortgages". I suggested that elderly people deal with reputable financial institutions only rather than individuals because of the potential for foul play involving persons who are unethical and get impatient waiting for somebody to pass away. However, if you are a decent person then herein lies an opportunity for you to help someone else out while you at the same time help out yourself. If they have no beneficiary then you could be the person who acquires their property.

There is no need to be less than forthright about this. Just be honest and tell them up front that you would like to take possession of the property once they pass rather than allow the state to do so. You have an opportunity to barter any goods, services, time, money or anything else that they would desire in exchange for them committing now to give you something that will no longer be there's anyway once they're gone.

If you are not overly cynical about this and have the right viewpoint then there is nothing wrong with it. However, if you are eagerly anticipating someone else's demise then that in itself presents a real moral problem and as fate would have it, that elderly person could still outlive you as well and you will get nothing so do not think like a vulture.

CHAPTER IV

RENT-FREE Travel/Vacation Lodging

Vacation Get-A-Ways



RENT-FREE LIVING AT WRITERS & ARTISTS COLONIES

Writer's and artist colonies offer isolation and freedom from everyday distractions a quiet place for writers and other artists to concentrate on their work. Although some colonies are quite small, with space for only three or four writers at a time, others can provide accommodations for as many as thirty or forty. The length of a residency may vary to, from a couple of weeks to five or six months.

Who are these colonies available to?

- Writers (fiction and non-fiction, poets, scriptwriters, screenplays, etc.)
- Artists (painters, sculptors, photographers
- Entertainers (Dancers, Choreographers,
- Musicians (Composers, song writers, etc.)
- Developers, inventors, etc.
- Each colony has specific requirements so you have to see which ones you would qualify to apply to.

Some of these writers and artists colonies will not only let you stay there for free but some will actually **pay you** for being there. That's right, they'll give you a weekly or monthly stipends to help cover your expenses while you are working on your next great novel.

These stipends are provided by fellowships, foundations and grants donated or willed by people who wanted to give something back to society in the form of assisting others in developing the craft or art that they love so much.

All you have to do is apply and then wait to see if you are accepted. You have to apply at each location separately as they all have their own rules and requirements. People who are artists in your field usually review the applications.

You have to understand that the estates of very wealthy writers who wanted to give something back to the writing profession usually fund these writers' colonies. As writers themselves they understood the difficulties of finding time and seclusion to write productively while having to deal with day to day concerns and expenses. Therefore they ordered that a portion of their estates be set aside to establish these writers colonies. And other living writers who have benefited from these colonies also contribute to them.

Artists' communities are professionally run organizations that provide time, space, and support for artists' creative research and risk-taking in environments that are rich in stimulation and fellowship. Whether they are located in isolated pastoral settings, quiet countryside's, or in the middle of urban warehouse districts, artist's communities have been founded on the principle that through the arts, culture flourishes and societies dreams are realized. Some of America's most notable classic literature has been created at artists communities.

According to the Alliances 1998 survey of the field of artists communities for its second edition of the directory (2000, Allworth Press), approximately 4,000 artists were residents at American artists' communities in 1997. This 4,000 included writers; architects; painters; composers; sculptors; filmmakers; scientists; photographers; performance artists; storytellers; art historians;

choreographers; installations artists;; and scholars. To engender ideas and dialogue that cross-disciplinary, aesthetic, cultural, gender, social, and geographic barriers, artist's communities aim for a broad mixture of residents at any one time.

Artists' communities and those who support them are committed to the principle that art stimulates new ways of thinking and new ways of seeing things. It should come as no surprise then that the voices, visions and dreams of our own times continue to be cultivated at artists' communities:

Many well-known poets, authors, painters, choreographers, and inventors created noteworthy work during residencies at artist's communities.

Many unknown artists are working at artist's communities right now, and if they persevere in the months and years to come their books, exhibitions, pieces, performances, and productions will make their impact upon our society.

The future of American culture depends upon a broad range of artists today. The fundamental, vital work of artists' communities is to provide the support, solitude, quiet and rich cultural environment that artists need.

These programs have strict admissions policies, and writers must submit a formal application or letter of intent, writing samples a resume, and letters of recommendation. Write for application information first enclosing a stamped, self-addressed envelope. Or you could call the numbers listed, send e-mail, or visit their web site.

This is a good example of how some people pay good money for something while others get it much cheaper; others get it totally free and still others get it free plus actually *get paid* for receiving it for free.

Some of these colonies charge as much as \$400 to \$600 per month or \$95 per day for lodging while others will charge nothing and will even pay you a small stipend to help cover your expenses while you're there.

The Fine Arts Work Center in Massachusetts provides free lodging and will pay you a stipend of up to \$375 a month for expenses. You can stay there for as long as 7 months. If you're from Texas the Dobie Paisano Project will

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permit you to stay there for as long as 6 months and will pay you up to \$1,200 a month. The National Music Conference will host you from 2 to 5 weeks for free and pay you a \$1000 stipend.

Some colonies provide lodging only while others provide lodging/ seclusion/ meals and whatever else you need to get your creative juices flowing.

List of Writers' Retreats



Djerassi Resident Artists Program in Santa Cruz California

A listing of year-round and seasonal retreat centers around the country and around the world.

U.S.

California

DJERASSI RESIDENT ARTISTS PROGRAM Woodside, CA April-October. Est. 1979. Residency. Work on independent or collaborative projects. Length: 1-2 mos. Applicants: Accomplished or lesser known writers, artists. # accepted: 50/year. Facilities: Artists' House. Admission Policies & Costs: Deadlines: February 15 for following year. Fees & Requirements: Resumes, recent work samples, references, outline of proposed project. **Costs:** Residential grant: provides lodging, meals, studio space. Location: 600 acres in foothills of Santa Cruz Mountains; 1 hour from San Francisco. **Contact:** Judy Freeland, Program Asst. Djerassi Resident Artists Program 2325 Bear Gulch Rd. Woodside, CA 94062-4405 415-851-8395

DORLAND MOUNTAIN ARTS COLONY Temecula, CA Year-round. Residency. Stresses privacy and separateness from the modern-day world. Length: 2-8 wks. Applicants: Writers, artists, and photographers. Facilities: Individual cottages with work area; no electricity. Admission Policies & Costs: Deadlines: March 1 for May 15; September 1 for November 15. Fees & Requirements: Resumes, recent work samples, references, outline of proposed project. **Costs:** ~\$200 + meals/4 weeks. Location: ~100 miles from Los Angeles; 60 miles from San Diego. **Contact:** Admissions Committee Dorland Mountain Arts Colony Box 6 Temecula, CA 92390 909-676-5039

VILLA MONTALVO Saratoga, California Year-round. Est. 1930. Residency. Concentrate on a creative project. Length: 1-3 mos. Applicants: Writers, artists, photographers. # accepted: 25-30/year. Facilities: Private apartment. Admission Policies & Costs: Deadlines: March 1 for May; September 1 for November. Fees & Requirements: \$20 fee, resume, recent work samples, and outline of proposed project. **Costs:** Meals, living expenses, and supplies. **Stipend:** 2/year. available. Location: 175 acres in foothills of Santa Cruz Mountains, 1 hour from San Francisco. **Contact:** Villa Montalvo Box 15 Saratoga, CA 95071-0015 408-961-5818

Colorado

PIKES PEAK WRITERS' RETREAT Cascade, CO Year-round. Residency. Provides a creative environment for writers to work without distraction and within a supportive community of peers and mentors. Length: unlimited. Applicants: Writers, editors, and publishers. Facilities: 15 private living studios in 5 homes including the Main Lodge; modern lines. Admission Policies: First reserved basis. Deadlines: None Requirement: Description of work plans for the stay. **Costs:** Between \$400 - \$600 / per week depending of accommodation. Location: 12 highway miles to Colorado Springs; 70 miles from Denver. **Contact:** Anthony Lanza, Program Director or Micheline Côté, Administrative Director Pikes Peak Writers' Retreat 4400 Martindale Ave. Cascade, CO 80809 (719) 684-0953

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Email: cotlanza@ix.netcom.com

Website: [<http://www.ppwr.com>](http://www.ppwr.com)

Connecticut

NATIONAL MUSIC THEATER CONFERENCE Waterford, **CT** August. Est. 1964. Residency. Offers opportunity to develop new music and theater works; some are given public staged readings. Length: 2-5 weeks. Applicants: Book-writers, composers, and lyricists. # Accepted: 10-15/year. Admission Policies & Costs: Deadlines: November 1-February 1. Fees & Requirements: \$20 fee, synopsis, script, resume. **Costs:** None; provides room, board, transportation, stipend. **Stipend:** **\$1,000**. Location: Eugene O'Neill Theater Center. **Contact:** Administrator National Music Theater Conference 234 W 44th St., Suite 901 New York, NY 10036 212-382-2790 Fax 212-921-5538

Florida

ATLANTIC CENTER FOR THE ARTS New Smyrna Beach, FL Year-round. Est. 1979. Artist-in-Residence Program. Brings mid-career artists together with Master Artists. Length: 3 weeks; 5-6 sessions/year. Applicants: Writers, artists, and photographers. # accepted: ~10/session. Facilities: 28 units of artists' housing, workshop, outdoor amphitheater. Admission Policies & Costs: Deadlines: Apply 4 months prior. Fees & Requirements: Master Artist selects own residents and sets application criteria. **Costs:** \$600/3 weeks, includes lodging; \$200/3 weeks tuition only. **Stipend:** **Some scholarships available**. Location: 67 acres on Florida's East Coast. **Contact:** Atlantic Center for the Arts 1414 Art Center Ave. New Smyrna Beach, FL 32168 904-427-6975

Georgia

HAMBIDGE CENTER FOR CREATIVE ARTS & SCIENCES Rabun **Gap, GA** May-October. Est. 1934. Residency. Environment for mature people engaged in creative work and/or research in arts, science, humanities, and education. Length: 2 weeks-2 months. Applicants: Writers, artists, and photographers. # Accepted: 40-50/yr. Facilities: Private cottage with kitchen and studio. Admission Policies

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& Costs: Deadlines: Apply by January 31. Fees & Requirements: Resume, recent work samples, outline of proposed project. **Costs:** Contribution of **\$125/week**. Location: 600 wooded acres, 120 miles from Atlanta. **Contact:** Hambidge Center for Creative Arts & Sciences P.O.B. 339 Rabun Gap, GA 30568 706-746-5718

Hawaii

KALANI HONUA Pahoa, HI Year-round. Est. 1980. Residency. Intercultural conference and retreat center. Applicants: Writers, artists, and photographers. # Accepted: 80/yr. Facilities: Lodges & private cottages. Admission Policies & Costs: Fees & Requirements: Resume, recent work samples, statement of interests and goals. **Costs:** Lodging \$52-\$75/night; meals \$26/day. **Stipend: 50% reduction of regular rate**. Location: 20 acres within Hawaii's largest conservation area. **Contact:** Richard Koob, Artistic Director Kalani Honua Box 4500 Pahoa, HI 96778 808-965-7828 800-800-6886

Illinois



RAGDALE FOUNDATION Lake Forest, IL January-April; May-December. Est. 1980. Residency. Peaceful environment and uninterrupted time for work. Length: 2 weeks-2 months. Applicants: Writers, photographers, artists, and composers. # Accepted: 12/session. Facilities: Private rooms/studios, library, and community rooms. Admission Policies & Costs: Deadlines: January 15 for May-December; June 1 for January-April. Fees & Requirements:

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\$20 fee, resume, recent work samples, statement of work-in-progress. **Costs:** \$15/day. **Stipend:** **Waiver of fee; scholarships.** Location: Estate 30 miles north of Chicago. **Contact:** Ragdale Foundation 1260 N. Green Bay Rd. Lake Forest, IL 60045 708-234-1063

Massachusetts

FINE ARTS WORK CENTER Provincetown, MA October-May. Est. 1968. Residency. Focus on talented young artists and writers at the outset of their careers. Length: 7 months. Applicants: Writers, artists, and photographers. # Accepted: 20/year. Facilities: Apartments and separate studios, common room, gallery. Admission Policies & Costs: Deadlines: Apply by February 1. Fees and Requirements: \$25 fee, resume, recent work samples, and outline of proposed project. **Costs:** Residential grant provides lodging, studio space, and stipend. **Stipend:** **\$375/month.** Location: Small fishing village. **Contact:** Fellowship Application Fine Arts Work Center in Provincetown 24 Pearl St. Provincetown, MA 02657 508-487-9960 Fax 508-487-8873

NANTUCKET ISLAND SCHOOL OF DESIGN & THE ARTS (NISDA) Nantucket, MA September-June. Est. 1973. Residency. Nonprofit art institution provides opportunity for writers to work undisturbed at their own pace. Length: Usually 2-8 months. Applicants: Writers, artists, photographers, and musicians. Facilities: Shared cottage housing; studios 8 miles away. Admission Policies & Costs: Deadlines: Rolling. Fees & Requirements: \$20 fee, resume, statement of intent, references, work sample. **Costs:** Housing from \$560-\$1,220/month. Location: Island off the coast of Cape Cod. **Contact:** Nantucket Island School of Design & the Arts (NISDA) P.O.B. 958 Nantucket, MA 02554 508-228-9248

Michigan

ALDEN B. DOW CREATIVITY CENTER - NORTHWOOD INSTITUTE Midland, MI June-August. Est. 1959. Residency. Work independently, live cooperatively, pursue a creative idea. Length: 8 weeks. Applicants: All disciplines. #

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accepted: 4/year. Facilities: Individual apartments. Admission Policies & Costs: Deadlines: Apply by December 31. Fees & Requirements: \$10 fee, resume, project idea, budget, materials list. **Costs:** Provides lodging, per diem meal allowance, stipend. **Stipend:** \$750/8 weeks. Location: 125 miles north of Detroit. **Contact:** Alden B. Dow Creativity Center-Northwood Institute 3225 Cook Rd. Midland, MI 48640-2398 517-837-4478

Minnesota

NORCROFT: A WRITING RETREAT FOR WOMEN Lutsen, MN

May-October. Residency. Supported by Harmony Women's Fund to encourage and nurture women's voices. Length: 1-4 weeks. Applicants: Women, all levels and genres. Facilities: 4 individual rooms in main lodge; individual writing sheds nearby. Admission Policies & Costs: Deadlines: Apply by October 1. Fees and Requirements: No fee. **Costs:** Supply own transportation and writing materials. Location: On 10 wooded acres in an isolated location along Lake Superior's north shore. **Contact:** Norcroft: A Writing Retreat For Women 32 E. First St., #330 Duluth, MN 55802 218-727-5199

New Hampshire



MACDOWELL COLONY Peterborough, NH

Year-round. Est. 1907. Residency. Promotes the arts by providing a place where creative artists can concentrate on their work. Length: 6 weeks; 8 weeks maximum. Applicants: All disciplines. Facilities: 32 studios. Admission Policies & Costs: Deadlines: September 15 for winter/spring; January 15 for summer, April 15 for fall/winter. Fees & Requirements: \$20 fee, outline of proposed project, resume,

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references, recent work samples. **Costs:** Full cost \$95/day; sliding scale of fees based on ability to pay. Location: 450-acre complex. **Contact:** Admissions Coordinator MacDowell Colony 100 High St. Peterborough, NH 03458 603-924-3886 Fax 603-924-9142

New Mexico

HELENE WURLITZER FOUNDATION OF NEW MEXICO

Taos, NM April-September. Est. 1954. Residency. Residencies to persons engaged in creative fields in all media. Length: 3 months, flexible. Applicants: Writers, photographers, visual artists. # accepted: 12/session. Facilities: 12 studios. Admission Policies & Costs: Deadlines: Rolling. Fees & Requirements: Outline of proposed project, references, recent work samples. **Costs:** **Provides rent-free and utility-free housing.** Stipend: None. Location: In Taos. **Contact:** Henry A. Sauerwein, Jr., Executive Director Helene Wurlitzer Foundation of New Mexico P.O.B. 545 Taos, NM 87571 505-758-2413

HIDDEN MESA WRITERS RETREAT Placitas, NM Year-round. Retreat. Private home of Gary Libman and his wife, Norma, a freelance journalist and writing teacher. Length: 1 day or more. Workshops also offered. Applicants: Writers. Facilities: Bedroom with private bath, use of greatroom and courtyards, use of kitchen. Admission Policies & **Costs:** \$60/day, \$400/week, \$375/week for 2 or more consecutive weeks. Includes breakfast and lunch. Location: 40 minutes from Santa Fe; 20 minutes from Albuquerque. **Contact:** Norma Libman, M.A. Hidden Mesa Writers Retreat P.O.B. 755 Placitas, NM 87043-0755 800-538-2572 505-867-9715

New York

BLUE MOUNTAIN CENTER Blue Mountain Lake, NY

June 15-October 15. Est. 1981. Residency. A working community of established writers and artists who do not require exceptional facilities. Length: 4-week sessions. Applicants: Writers, photographers, artists. # accepted: 15/session. Facilities: Individual bedrooms/studies. Admission Policies & Costs: Deadlines: Apply by February

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1. Fees & Requirements: Outline of proposed project, copies of reviews, recent work samples. **Costs:** None except transportation; voluntary contributions. Stipend: None. Location: In the Adirondack Mountains. **Contact:** Harriet Barlow, Director Blue Mountain Center P.O.B. 109 Blue Mountain Lake, NY 12812 518-352-7391

BYRDCLIFFE ARTS COLONY Woodstock, NY May 1-October 1. Est. 1902. Residency. Art and craft colony; listed on National Register of Historic Places. Length: 1-3 months. Applicants: Writers, artists. Facilities: Studios in the Villetta Inn and 1- to 4-bedroom cottages. Admission Policies & Costs: Deadlines: Apply by May 1. **Costs:** Fees \$475-\$975; cottage fees from \$1,800-\$4,000. Stipend: None. Location: 600 acres on the slopes of Mt. Guardian in the Catskills. **Contact:** Byrdcliffe Arts Colony 34 Tinker St. Woodstock, NY 12498 914-679-2079

MILLAY COLONY FOR THE ARTS, INC. Austerlitz, NY Year-round. Est. 1973. Residency. Non-profit organization offering residencies. Length: 1 month. Applicants: Writers, photographers, visual artists, and composers. Facilities: 4 bedrooms and separate studios, one 400-sq.-ft. work and living space. Admission Policies & Costs: Deadlines: February 1 for June-September; May 1 for October-January; September 1 for February-May. Fees & Requirements: Letter of reference and work examples. Costs: None; provides housing, studio space, all meals. Stipend: None. Location: 2-1/2 hours from New York City. **Contact:** Ann-Ellen Lesser, Executive Director Millay Colony for the Arts, Inc. P.O.B. 3 Austerlitz, NY 12017-0003 518-392-3103

CATSKILL COLONY South Fallsbury, NY The Catskill Colony is pleased to announce their premiere season, Summer 2000 Schedule. Please visit them at <http://writerscolony.freesevers.com>.

WILLIAM FLANAGAN MEMORIAL CREATIVE PERSONS CENTER Montauk, NY June 1-October 1. Est. 1968. Residency. Maintained by The Edward F. Albee Foundation; admission based on talent and need. Length: 1 month.

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Applicants: Writers, painters, sculptors, composers. # accepted: 6/session. Facilities: Room in the center ("The Barn"). Admission Policies & Costs: Deadlines: Between January 1-April 1. Fees & Requirements: Resume, project proposal, references. Costs: Housing provided; residents pay board and transportation only. Location: A secluded area 2 miles from center of Montauk. **Contact:** Edward F. Albee Foundation 14 Harrison St. New York, NY 10013 212-226-2020

YADDO Saratoga Springs, NY



Year-round. Residency. Working community; guests are expected to have reached the professional level of commitment in their fields. Length: 2 weeks-2 months. Applicants: Writers, visual artists, photographers, composers. # accepted: 200/year. Facilities: Private bedroom and studio. Admission Policies & Costs: Deadlines: January 15 for May-February; August 1 for October-May. Fees & Requirements: \$20 fee, background info, work sample, 2 letters of recommendation. Costs: No fixed charge; voluntary \$20/day contribution is encouraged. Stipend: None. Location: 400-acre estate. **Contact:** Admissions Committee Corporation of Yaddo P.O.B. 395 Saratoga Springs, NY 12866 518-584-0746

North Carolina

WEYMOUTH CENTER Southern Pines, NC Year-round. Est. 1979. Writers-in-Residence Program. Limited to North Carolina residents; also offers workshops, lectures, concerts, annual poetry festival. Applicants: Writers, poets. # Accepted: 3/session. Facilities: 3 bedrooms, sitting room,

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kitchen. Admission Policies & Costs: **Fees & Requirements: NO Fee.** Resume, references, published articles, project profile. Location: 24 acres adjacent to Weymouth Woods Sandhills Nature Preserve. **Contact:** Weymouth Center 145 W. Pennsylvania Ave. Southern Pines, NC 28387 919-692-6261

Oregon

SITKA CENTER FOR ART & ECOLOGY Otis, OR Fall, spring. Est. 1970. Writers-in-Residence Program. For writers, artists, naturalists with a degree or professional experience. Length: ~3-9 months. Applicants: Writers, artists, naturalists. Facilities: 1,500-sq.-ft. main work space and additional studios; self-contained lodging facilities. Admission Policies & Costs: Deadlines: June 20. Fees & Requirements: Project description, references, resume, work samples. **Costs: No Fee.** Provides living and studio space in exchange for community outreach activities. Stipend: None. Location: Along Oregon's central coast. **Contact:** Sitka Center for Art & Ecology P.O.B. 65 Otis, OR 97368 503-994-5485

Texas

DOBIE PAISANO PROJECT Austin, TX Year-round. Est. 1967. Fellowship residency. Limited to Texas writers; sponsored by the Texas Institute of Letters and University of Texas-Austin. Length: 6 months. Applicants: Writers. # accepted: 2/year. Facilities: House on the Paisano ranch. Admission Policies & Costs: Deadlines: Submit by January 24. Fees & Requirements: Outline and manuscript sample. **Costs:** Housing and stipend provided. **Stipend: Pays You \$1,200/month.** Location: 265-acre J. Frank Dobie ranch ("Paisano"), near Austin. **Contact:** Director of Dobie Paisano Project University of Texas Office of Graduate Studies Main Bldg. 101 Austin, TX 78712 512-471-7213 Fax 512-471-7620 E-mail: gsan@utxdp.dp.utexas.edu

Vermont

DORSET COLONY HOUSE FOR WRITERS Dorset, VT March-May; September-November. Est. 1979. Residency. Home of the Dorset Theater Festival; available as

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workspace/retreat when acting company not in residence. Length: 1 week-1 month. Applicants: Playwrights, writers. # accepted: 8/session. Facilities: 10 private rooms, meeting room, library, dining room and kitchen. Admission Policies & Costs: Fees & Requirements: Query letter stating dates, project proposal, resume. **Costs:** ~\$75/week requested. Stipend: None. Location: 3 acres in a southern Vermont village, near the Green Mountains. **Contact:** John Nassivera, Director Dorset Colony House P.O.B. 519 Dorset, VT 05251

VERMONT STUDIO CENTER Johnson, VT Year-round. Est. 1984. Residency. Supports emerging and mid-career writers and artists. Applicants: Writers, visual artists. # accepted: 4/month. Facilities: Rooms in local homes. Admission Policies & Costs: Deadlines: Rolling. Fees & Requirements: \$25 fee, resume, references, work sample. **Costs:** ~\$375/wk; reduced rates in exchange for work; some fully-paid residencies. Location: ~6-1/2 hours from NYC; 3-1/2 hours from Boston. **Contact:** Vermont Studio Center Box 613 Johnson, VT 05656 802-635-2727 Fax 802-635-2730

Virginia

VIRGINIA CENTER FOR THE CREATIVE ARTS (VCCA) Sweet Briar, VA Year-round. Est. 1971. Residency. Working artists' retreat, provides residential fellowships; affiliated with Sweet Briar College. Length: 1-3 months. Applicants: Writers, visual artists, photographers, and composers. # accepted: 24/session. Facilities: Private bedroom and separate studio. Admission Policies & Costs: Deadlines: September 15 for January-May; January 15 for May-September; May 15 for September-January. Fees & Requirements: \$20 fee, project description, names of 2 references. **Costs:** Suggested fee of \$30/day. Stipend: None. Location: 450-acre estate at Mt. San Angelo, ~160 miles from Washington, DC. **Contact:** Admissions Committee Virginia Center for the Creative Arts (VCCA) Box VCCA Sweet Briar, VA 24595 804-946-7236

Washington



Residency Cottages at Fort Worden State Park

CENTRUM ARTISTS RESIDENCIES Port **Townsend, WA**
September-May. Est. 1978. Residency. Non-profit arts and education organization; also sponsors workshops, festivals, performances, conferences. Length: 1 month. Applicants: Writers, visual artists, architects, dancers, musicians, and actors. # accepted: ~20/year. Facilities: 2-3 bedroom cottages. Admission Policies & Costs: Deadlines: April 1 for September-January; October 1 for February-May. Fees & Requirements: \$10 fee, project proposal, resume, copy of recent publications. **Costs:** None; housing, stipend provided. **Stipend:** Pays you \$300. Location: On the grounds of Ft. Worden State Park. **Contact:** Residency Program Centrum Artist Residencies P.O.B. 1158 Port Townsend, WA 98368 206-385-3102 Fax 360-385-2470

Wyoming

UCROSS FOUNDATION **Ucross, WY** January-May; August-December. Est. 1981. Residency. Residencies in all creative disciplines; focus on significance and quality of work. Length: 2 weeks-2 months. Applicants: Writers, visual artists, photographers, filmmakers, composers. # accepted: 60/year. Facilities: Individual work and living space. Admission Policies & Costs: Deadlines: March 1 for August-December; October 1 for January-May. Fees & Requirements: Resume, project description, work sample, letters of reference. **Costs:** None; room, studio space, meals

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provided. Stipend: None. Location: 27 miles from Sheridan, in the foothills of Big Horn Mountains. **Contact:** Residency Program Ucross Foundation 2836 US Hwy 14-16 East Clearmont, WY 82835 307-737-2291

CANADA

BANFF CENTRE FOR THE ARTS Banff, Canada Year-round. Est. 1933. Residency. Provides training and development opportunities for experienced professionals in a variety of disciplines. Length: 3 months maximum. Applicants: Writers, visual artists, photographers, filmmakers, composers. Facilities: Studios with washrooms, kitchenettes; central dining room. Admission Policies & Costs: Fees & Requirements: Resume, project description, work sample, letters of reference. **Costs:** \$260/week + food, supplies; meal plan available. Stipend: None. Location: Western Alberta, in the Rocky Mountains. **Contact:** Registrar Banff Centre for the Arts Box 1020-28 Tunnel Mountain Rd. Banff, Alberta, T0L 0C0 Canada 403-762-6180 800-565-9989 Fax 403-762-6345

SASKATCHEWAN WRITERS/ARTISTS COLONIES & RETREATS Saskatchewan, Canada Year-round. Est. 1979. Residency. Provides a place to work free from distraction. Length: 2 or 6 weeks. Applicants: Writers, visual artists. # accepted: ~10/week. Facilities: St. Peters Abbey, Emma Lake, and Riverhurst Colony. Admission Policies & Costs: Deadlines: January 1, April 15, July 1. Fees & Requirements: \$100, resume, project description, work sample, letters of reference. **Costs:** \$100/week, includes room and board. Stipend: None. Location: Muenster (St. Peters), 25 miles from Prince Albert (Emma Lake), Mainstay Inn (Riverhurst). **Contact:** Saskatchewan Writers/Artists Colonies & Retreats Box 3986 Regina, Saskatchewan, S4P 3R9 Canada 306-757-6310 Fax 306-565-8554

FRANCE

CAMARGO FOUNDATION Cassis, France January-May; September-December. Est. 1967. Residency. Provides fellowships for American scholars to pursue projects in the

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humanities relative to France. Length: ~4 months. Applicants: Writers, visual artists, photographers, composers, musicians. # accepted: 1/session. Facilities: Furnished apartment, reference library access, studios. Admission Policies & Costs: Deadlines: Apply by March 1. Fees & Requirements: Curriculum vitae, description of project, 3 letters of recommendation. **Costs:** Residential grant. Stipend: None. Location: Estate in Cassis, 30 minutes from Marseilles. **Contact:** Dr. William Reichard Camargo Foundation W-1050 First National Bank Bldg. 332 Minnesota St. St. Paul, MN 55101

CHATEAU DE LESVAULT Onlay, France October-April. Residency. French country residence. Applicants: Writers, artists. # accepted: 5/session. Facilities: 5 rooms with private baths, furnished for living/working. Admission Policies & Costs: Deadlines: 3 months in advance. **Costs:** 4,000 FF/month for room, board, utilities. Stipend: None. Location: Western Burgundy. **Contact:** Chateau de Lesvault Onlay 58370 France (33) 86 84 32 91

GUATEMALA

ART WORKSHOPS IN LA ANTIGUA, GUATEMALA
[<http://www.artguat.org/>](http://www.artguat.org/)

IRELAND

TYRONE GUTHRIE CENTRE Annaghmakerrig, Ireland
Year-round. Residency. Residency open to practitioners of all the arts of any age. Length: 3 weeks-3 months. Applicants: All disciplines. Facilities: Private apartment in the Irish Big House, library. Admission Policies & Costs: Fees & Requirements: Examples of works in progress, description of work to be done, resume. **Costs:** IR£ 1,200-1,600/month, non-residents; Irish artists contribute what they can afford. Stipend: None. Location: 400-acre wooded estate in County Monaghan. **Contact:** Bernard Loughlin, Resident Director Tyrone Guthrie Centre Annaghmakerrig, Newbliss Co. Monaghan Ireland 353-47-54003 Fax 353-47-54380

THE WRITERS PLACE, SALMON PUBLISHING Cliffs of Moher, County Clare, Ireland The 'Writers Place' accommodation at the Salmon Publishing premises is a beautiful study/ bedroom with views down a valley to Liscannor and Lahinch Bay and beyond to the Kerry Mountains; half a mile from the world-famous Cliffs of Moher in Co. Clare. There are photos of the room and the area on their website <http://www.salmonpoetry.com>.

There is no formal application form, but you must have a project in mind; for example, developing your writing or working on a book/collection. I'd need to see an outline of the project. The fee is US\$300 per week, which includes meals and conveniences, such as internet access, some computer use if necessary (although, of course, it's better to bring a laptop if you have one) printer use, fax and laundry. This location is outstanding for creative work and all the residents so far have been tremendously pleased with what they were able to accomplish.

For more information email Jessie Lendennie at salpub@iol.ie <mailto:salpub@iol.ie>.

ISRAEL

HILAI, THE ISRAELI CENTER FOR THE CREATIVE ARTS Tel Aviv, Israel Year-round. Est. 1984. Residency. Provides a common ground for Israelis, Arabs, and foreign guests to meet through artistic endeavors. Length: 2-4 weeks. Applicants: Writers, poets, visual artists, playwrights, and composers. # Accepted: 10/session. Facilities: Studio apartment with kitchen and private bathroom. Admission Policies & Costs: Deadlines: January 1, May 1, September 1. Fees & Requirements: \$15 fee with application. **Costs:** Residents contribute according to ability to pay; \$25/week minimum. Stipend: None. Location: Ma'alot-Tarshiha in western Galilee, and Mitzpe Ramon in northern Negev. **Contact:** Secretary, Admission Committee HILAI, The Israeli Center for the Creative Arts P.O.B. 53007 Tel Aviv 61530 Israel (972) 3 478704

MISHKENOT SHA'ANANIM Jerusalem, Israel Year-round. Est. 1973. Residency. Retreat for the creative; helps expand cultural, artistic, spiritual focus of Jerusalem. Applicants: Writers, artists, musicians, and academics. Facilities: Furnished 1- and 2-bedroom apartments. Admission Policies & Costs: Fees & Requirements: Resume, project abstract. **Costs:** Housing ~\$20-\$80/day; studios ~\$10/day. Stipend: None. Location: Near the center of town, overlooking Mt. Zion. **Contact:** Yael Amzalak, Director Mishkenot Sha'ananim P.O.B. 8215 Jerusalem 91081 Israel (972) 2 254321

ITALY

BELLAGIO STUDY & CONFERENCE CENTER Lake Como, Italy Year-round. Residency. Sponsored by Rockefeller Foundation; international conferences are held concurrently. Length: 1 month. Applicants: Writers, scholars. # Accepted: 135/year. Admission Policies & Costs: Deadlines: March 1 for February-April, June 1 for March-July; September 1 for June-October; December 1 for September-December. Fees & Requirements: Abstract, project description, resume, sample of published work. **Costs:** None except travel expenses. Stipend: None. Location: 50 acres of parks and gardens on Lake Como. **Contact:** Bellagio Center Office Rockefeller Foundation 1133 Ave. of the Americas New York, NY 10036 212-852-8431

RENT-FREE TRAVEL LODGING

We've talked about various methods of getting free residential rent, and free real estate. Let's talk briefly now about various ways that you could travel without having to worry about the costs of lodging. Lodging and housing is one of the greatest expenses to traveling. There are many ways to get where you are going very inexpensively but then you must have somewhere to stay once you are there.

Volunteer Work at Shelters: Offer to do volunteer work at shelters or any other place that has living quarters and is in need of assistance in exchange for free lodging.

Residence at shelters: If you qualify you could stay at shelters for free wherever you travel to.

Campsites: This is an alternative you may want to consider rather than paying hotel expenses when you travel. It may turn out to be one of the more interesting aspects of your trip. As a child my family would take 30 day tours across various parts of Europe. Sometimes we stayed in hotels, at other times we stayed at campsites or we made our own campsites. The purpose was to tour Europe but the campsites were much a much more interesting experience than staying at the hotels.

Mobile Lodging: Another way to get free travel lodging is to bring it with you. This could be a camper or motor home.

Free Room Specials: Tourist areas such as Las Vegas offer free rooms for frequent gamblers.

Travel Agent: Set up your own travel agency and you can get many opportunities for free hotel/motel lodging in various places.

Appraiser: Offer to go and check on people's vacation property and the management of it in exchange for a few nights of free lodging.

Comp Gifts: Casino's routinely offer compensation gifts (comps) gifts to visitors who are active gamblers. All you have to do is let them see that you're a player then ask

HOUSE SWAPPING



House Swapping is a method that some people use to avoid having to pay any rent as they travel to various parts of the country or the world. This is also called a home exchange or a hospitality exchange.

What's the difference between a home exchange and a hospitality exchange?

Basically, there are two types of exchanges: home exchange and hospitality exchange.

Home exchangers swap their homes, condominiums, or apartments at a time that is convenient to both parties, but these are not the only types of accommodations that one gets to choose from. For example, one exchanger traded his home for a 40-foot yacht. Another couple swapped their villa in Paris for an RV in Colorado because they had always wanted to tour the USA in true nomadic style. Often, home exchangers will include their automobiles as part of the package.

Hospitality exchangers, on the other hand, host each other in their homes at designated times. Your home exchange partners stay with you as guests and then you go and stay with them as their guests. There is a social aspect to this kind of exchange that some exchangers particularly enjoy. Conceivably, you also get a built-in tour guide with this mode of exchange.

The companies listed below all specialize in setting up house swapping arrangements both nationally and internationally.

Just go to the web sites for more information on how this works and even pictures of homes that are available in various parts of the world that you may wish to travel to.

[Vacation Homes Unlimited - Home Exchange](http://www.exchangehomes.com)

Est 1986. No.1 in toll-free customer service. User friendly site, no symbols just information and pictures. Only current listings published. Join online instantly, no waiting. SSL secure! From: <http://www.exchangehomes.com>

[House Swapping - Home Base Holidays](http://www.homebase-hols.com)

Instant access to house swap offers worldwide. Free informative newsletter, a personal service and regular special offers. Est. London, 1985. From: <http://www.homebase-hols.com>

[People Travel the World - House Swap](http://www.uk.peopletraveltheworld.com)

Vacation by house swap, cottage house, timeshare, RV, motor-home or yacht swap! Get a free stay and save all rental expenses. From: <http://www.uk.peopletraveltheworld.com>

[Home exchange @ Home Base Holidays, enabling home swap vacations since 1985](http://www.homebase-hols.com/)

Home exchange vacations and house swap holidays. Check out the large choice of great home exchange offers, updated daily, at Home Base Holidays (London). From: <http://www.homebase-hols.com/>

[Latitudes Home Exchange](http://www.home-swap.com/)

Guaranteed exchange during your first year with Latitudes Home Exchange - or your second year's electronic membership fee is on us! From: <http://www.home-swap.com/>

[House Swap USA Europe](http://www.ultranet.com/~swap)

Try a House Swap or Home Exchange! It's a great vacation alternative for your Holiday. From: <http://www.ultranet.com/~swap>

[HomeSwitch](http://www.homeswitch.com)

HomeSwitch facilitates house-swapping in english speaking holiday

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destinations worldwide, especially UK, Australia New Zealand and Hong Kong, providing economical accommodation for independent travellers.
From: <http://www.houseswap.co.uk/>

[Trading Homes Online - Welcome to Trading Homes Online!](#)

A home exchange with Trading Homes International equals the vacation of a lifetime! From: <http://www.trading-homes.com/>

[Houseswap.com is now part of Trading-Homes.com!](#)

Houseswap.com is now Click here to go to Trading Homes.com! Join the thousands of people who have already discovered home exchange as the new way to see the world! Trading Homes offers premium service at a...
From: <http://www.houseswap.com/~swap/99~1.htm>

[Travel Choice - Home Exchange - Rental - Homestay. Home swap for you next holiday, it saves you lots on hotels and...](#)

Travel Choice - Home Exchange - Rentals - Homestay, staying in the comfort of a family home is often more relaxing than checking in and out of hotels. Save \$\$\$\$ on accommodation costs by joining our home swap its the best way to see the world. Some... From:
<http://www.ans.com.au/~sydney/pages/home.htm>

[Sunswap House Swapping and Vacation Home Exchange Service](#)

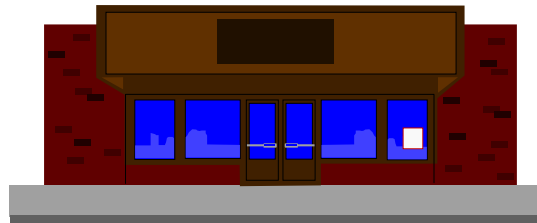
SunSwap, a nationwide database of homes available for house swapping/home exchanges. From: <http://www.sunswap.com/>

[House Swap](#)

This is not a legally binding offer. Information presented here is not warranted. Relocating to Pennsylvania or Maryland or DC? From:
<http://www.oneweb.com/reo/swap.html>

CHAPTER V

HOW TO OPERATE A RENT-FREE BUSINESS



What if you could operate a business and didn't have to worry about paying your rent, mortgage, or lease every month? You could do this if you get other people to pay the rent for you.

Some enterprising entrepreneurs have found creative ways to cover the entire cost of their monthly lease before they earn a dime from their regular business income. This gives them a big head start and a higher profit margin.

It is possible to get free commercial rent for your business endeavors. All that it takes is a little creativity or ingenuity.

One simple method of getting a rent-free location for your business is to subsidize your rent with other income. There are a number of ways to subsidize your rent. All that you have to do is combine a number of the methods listed here until you are able to pay the entire monthly rent or lease from your business profits.

RENT SPACE

One way of subsidizing your rent or lease at a commercial location is to simply rent out some of the space that you control. Just use your imagination and you'll see many potential opportunities to increase your income by just renting a portion of the premises to someone else.

Vending



Vending is another good way to subsidize your monthly commercial rent. There are numerous types of vending machines that you could place or allow to be placed in your establishment for extra income. The easiest way is to allow some other company to place vending machines in your location and to share the profits with you. But in order to make the maximum amount of money you want to own and control the machines yourself.

- Bulk Candy machines: gumballs; M&M's; peanuts and other bulk candy for 25 cents
- Regular candy machines: Wrapped and bagged candy, chips, etc.
- Soda Machines
- Weight machines
- Toy machines
- Horoscope Scroll machines
- Analysis Machines:
- Tester Machines: Grip tester; Love meter; Mood Meter
- Pay Phone booths

The key here is to determine rather or not it would be worth your time and effort to host or operate vending equipment at your business location.

ATM's

An ATM machine is another excellent way to subsidize your monthly rent. ATM machines are placed at no cost to the business establishment. The business establishment is paid a fee based upon the amount of transactions that a machine does. ATM vendors typically look for high traffic locations that have a high probability of getting high usage. ATM vendors make money from the transaction fees that are deducted from a users account every time they use a machine. This transaction fee is typically shared with the business establishment that allows the ATM machine on their premises.

If you want to subsidize your commercial rent with an ATM machine then you have two options on how you can do so. You could simply allow an ATM vendor to place a machine at your location and collect your space rental fee, or you could become an ATM vendor yourself and collect even more money by becoming the owner of the machine. The choice is yours.

If you want to make your space available then you don't have to wait until you are approached by an interested prospect. You could begin to advertise and solicit ATM vendors yourself. The Internet would be a good place to start. You could speak to the owners of other establishments that have ATM's in place, find out how much they're being paid and who their dealing with. Get referral info then contact the machine owners offering to allow them to place a machine in your location. You could even place a big banner outside of your establishment stating something like "ATM Machine Wanted Here!" Eventually, some entrepreneur may see your sign and approach you about placing a machine at your shop.

An ATM machine in a good location could easily earn you a couple of hundred dollars a month in transaction fees.

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If you want to become an ATM vendor yourself then you could contact the following companies and request additional information from them directly:

The ATM Connection 1(800)664-2720 Office hours 7:30am-5:30pm CST.

This company had this to say on their web site:

The reasons a merchant chooses to place an ATM are customer service and profit. Look at the bottom line situation. I will use an example of a service station that does only 300 transactions a month with a \$1.25 surcharge income. In addition to the \$375.00 in surcharge fees you would make, there is a more important profit. The average transaction is going to be about \$52.00. That makes over \$15,000.00 available to be spent in your facility that would not have been there otherwise. If only 40% is spent in your facility, and your mark up is only 25%, you have increased your net profits by \$1,500.00 a month. With our low-cost lease, you have very little out-of-pocket expense.

Mini-Bank 1000

The affordable, rugged, and compact Mini-Bank 1000 system offers features you expect in higher priced ATMs. Take advantage of this Internet only offer and lease or purchase a Mini-Bank 1000 ATM today.

1. Leasing

You can lease a Mini-Bank 1000 ATM for only \$131.00*/month for 60 months with a 10% buy-out at the end of the term.
*Based on merchant's credit rating. Actual payments may vary.

2. Purchase

You can own a Mini-Bank 1000 for only \$5,695.00



Mailbox Rental

Another good method of subsidizing your commercial rent is with mailbox rentals. Just as with vending, there are two basic ways that you could do this. You could either allow another company to operate their business using a portion of your space or you could operate the business yourself.



You do not have to do much or give up very much space in order to generate several hundred dollars to several thousand dollars of extra monthly income.

Consider this, commercial mailboxes generally rent for more than U.S. postal mailboxes do and some can rent for much more, depending upon the location, the street or the address. If your shop is on a popular, famous, well-known or prestigious street there may be a number of individuals or companies that would pay a premium for a mailing address at that location.

For example, if your shop were on Hollywood boulevard, your mailbox customers would now have a Hollywood address that looks something like this: 1234 Hollywood blvd, suite 16, L.A. Ca.

Smaller commercial mailboxes can rent for anywhere from \$10 to \$20 a month or more. Even 20 to 30 mailboxes could bring in an additional monthly income of from \$200 to \$600 a month or more. If you have a very desirable mailing address or provide some other benefit you could collect a lot more in monthly rent without having to do much more than just sort the mail that is dropped off at your establishment daily.

If you're in Nevada, Wyoming or Nebraska for example, these states are very popular with out-of-state corporations who incorporate there for some of the advantages they get. These same corporations need a business address in that state and somebody that they can list as the "registered agent". All that means is that they give you permission to sign for and receive legal notices should they ever have to

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be served. Some corporations get very little mail at there out of state address but they are willing to pay a premium just to have the address. Some companies may get a lot of mail but they just need someone to forward it all to them. These extra benefits can enable you to get as much as \$50 per month or more just for using your address. 10 clients will bring you \$500 per month. 20 clients bring you \$1000 per month and 50 clients (still very small) would bring in an extra \$2500 per month.

To learn more about mailbox rental and to get an info package on the business and the costs of mailboxes contact the company listed below or one of the others:

Salisbury Industries 1010 East 62nd Street Los Angeles, Ca 90001-1598 1-800-SALSBURY 1-800-725-9593 www.salisburyindustries.com

Advertisers

If your place of business has a large flow of foot traffic you may be able to create an additional source of income by allowing other businesses to promote their products, service or business establishment by advertising in your place of business. There are many, many ways in which you could do this. One method would be to rent out advertising space on your premises.

This advertising space could be in the form of an attractive Plexiglas encased centerpiece designed specifically for this purpose. You merely charge advertisers a reasonable fee to display their ad message.

In addition to renting out space inside your business you could use the info listed earlier in this book on BILLBOARD Advertising to earn additional revenue with billboards on your property.

Sublease Space to Other Businesses

We've talked about various ideas for collecting extra income at a business location with inanimate objects. Another method would be to sublet a portion of your commercial business space to other businesses.

Many businesses have found that they could earn additional money by allowing other businesses to share their space and the rent. It is best if the other business does not compete with yours and is in fact complementary to it.

Although this is a creative way of reducing your out of pocket expenses and supplementing your net income, it is actually an old idea that has been around forever. This is the idea of suburban malls. Banks and insurance companies and other large businesses have been doing this for many years. They locate, buy, lease or build a high rise commercial facility that they can operate out of. Usually they will take the entire first floor and as many of the adjoining office suites that they need to operate out of. The remaining floors or suites will be leased out to other companies.

This is also seen frequently in the legal services industry. One attorney or law firm will acquire a suite of offices in an appropriate area to operate out of. They will then lease out the other offices to other similar but non-competing businesses.

So in one huge suite of offices you may find a contract attorney; divorce specialist; criminal attorney; credit repair service; tax specialists, etc. You also may find non-attorney paralegal services; accident/injury attorneys; asset protection service; counseling services; etc. (It really shouldn't matter much even if the businesses are competitive because each must still do their own marketing and attract their own clientele.)

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Oftentimes they will then set up the front office reception area to operate as the clerk, secretary, and reception area for all of the suites office tenants.

The reception person will act as the receptionist, secretary, clerk for each of the tenants, that is all part of the rental agreement. Rather than answer the phone by the name of a particular company, they may answer the phone saying something generic such as “Law offices, how may I help you?” Then she or he will transfer the caller to the appropriate office.

The tenants may receive a specified amount of service as a part of the basic monthly lease fee. Extra services, typing, copying etc. that is done is then billed to each tenant.

The biggest advantage to this symbiotic relationship amongst colleagues is that the one who sets it up often collects enough money from the other tenants to cover all the expenses and make a profit. The end result is that this person or firm is able to operate *rent-free!*

Frequently seen uses of this idea:

- Shoe shine parlors or stands in barber shops, car washes, etc.
- Cosmetology and barbershops shared by various competing and independent entrepreneurs.
- VCR repair shop operating out of a video rental store.
- Welding and jewelry repair business operating out of a pawnshop.
- Window tinting business that operates out of a car wash or auto repair facility.
- Independent food service businesses that operate in movie theatres; airports; large stores; etc.

These are just some examples. There is really no limit to how you might use this method of subsidizing the cost of running a business. You are limited only by your imagination. The key is to find a business or service that would complement yours rather than compete with it. The other business can be allowed to operate independently and separately from yours.

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You have the option of either charging them a flat rate or of charging them a flat rate plus a percentage of their business. If you choose to charge them a percentage of their sales then that is fair because they will be getting a lot of their business as spill-over from your customers who come into the establishment as a result of your marketing efforts. A positive trade-off is that you will probably also receive a measure of business as a result of their marketing efforts as well. What you are looking for is a symbiotic, a mutually beneficial relationship.

Putting it all together

Some types of businesses are notorious for utilizing a number of these methods to bring in additional income. For example, check cashing establishments frequently are flexible and open to many other forms or sources of making extra money. Some beauty salons, barbershops, and other businesses are also flexible like that.

Let's look at a realistic example of how a business might establish a rent-free presence. In this example the business owner signs a lease agreement to rent a storefront for \$700 a month. The business is a small hair salon in a busy location.

Sample Income from Combination of Sources

\$800 a month from renting out 40 mailbox spaces
\$ 70 a month from bulk candy machines
\$250 a month from share of ATM machine transaction fees
(250 transactions a month at \$1 apiece)
\$150 a month from advertising revenue earned from 10
advertisers paying \$15 a month
\$200 a month from soda machine outside of storefront
\$400 a month from booth-rent from two other hair stylists.
\$150 a month from weave and nail specialist who operates
independently out of this location
\$2020 a month total income

In the above example, this smart entrepreneur earns \$2020 a month on the shop rather or not they earn one

additional dollar from their actual primary business! They can easily pay the \$700 per month location rent and still have a \$1320 profit left over just by being open. These additional multiple streams of income provide the security of never having to worry about the success of their primary business keeping them open. In this realistic example they are able to show a profit even if the primary business were to fail.

The figures I give here are hypothetical but based upon realistic and actual examples, figures, and situations. All that it takes is a little creativity and a willingness to open yourself up to various forms and opportunities to use your business to create additional streams of income.

SQUATTING

Another effective method of getting a rent-free location for your business is what I call *squatting*. This simply means that you find locations where you can set up shop without having to pay. There are a number of methods by which you could do this; some of them may range from questionable to unethical, others are fair game, harmless and effective.

Many entrepreneurs have learned to take advantage of the many opportunities to get prime location exposure without the typical high cost of renting or leasing space. The most common method is to identify a location where you will not be asked to pay rent and just set up shop. The location may be privately owned property or it may be public property.

Private Property

If you set up shop on private property without the property owner has the right to ask you to leave. If you fail to do so then you are guilty of trespassing. You may have been guilty of trespassing even before they asked you to leave. The downside of this is that you could be sued for trespassing on private property or you could be charged

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with a misdemeanor. The reality is that you should be in little danger of either of these two things if you are careful.

The most important thing is to choose your location carefully. You are only trespassing if the three conditions are met.

- A) You are on private property without permission
- B) The property owner cares
- C) The property owner presses charges against you.

The fact that it is private property alone does not in and of itself make you guilty of the misdemeanor.

A good idea would be to set up shop where nobody really cares and no harm is done. In some cases you can even get permission. It never hurts to ask. Consider the fact that often times there is a window of opportunity while a business is in a transition stage. A good time is when a business first goes out of business. If you find out that the previous business has lost their lease or has gone bankrupt or is just relocating then you may be able to set up shop on the property. You may be able to remain until some decision is made about the property or until it is released or resold and the new tenant begins to move in.

Remember that we are talking here about roadside, curbside businesses that can be operated out of your car, van or truck. We're talking about a temporary or seasonal and portable business that can be picked up and moved on a daily basis. We certainly are not talking about any type of on sight construction or alteration or modification of permanent structures.

You have some 'stuff' that you want to sell and you just need some place to sell it from. You drive up to any location, set up your tent, tables, display your wares as you would at a flea market, and presto, you're in business. You could do this at country-side locations as well as busy metropolitan urban or suburban areas.

Some entrepreneurs just consider the possible fines that they might incur as a reasonable cost of doing business. If they are showing a good profit and if the fines add up to less than comparable space rent then they just play that

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game until it plays out. There are better options than irritating local officials and if it gets to complicated or troublesome you should just move on.

Below we will list various types of property that you could set up shop at and some of the advantages or disadvantages of each. This is called Guerilla marketing. The rule of thumb is that if someone with proper authority asks you to leave then you should just leave and go set up shop somewhere else.

You don't necessarily have to get anyone's permission to set up shop although it would be far better for you if you did. Setting up shop in one of these free locations is a good way to launch a business when your capital is tight or you just want to test market a product or a locale. If you are asked to leave then you just pick up shop, load your vehicle, and go elsewhere.

- Vacated Gas Stations
- Vacant Lots
- Gas Station Lots
- Vacant Private Property in Commercial Districts
- Vacant Public Property in Commercial Districts
- Drive in Theatre lots

Public Property

Another option would be to set up your shop on public property. Keep in mind that you will have to abide by your local zoning laws and restrictions. Take a cue from what others are doing. The laws may be the same citywide, but the law may be strictly enforced by law enforcement in some areas but ignored in other areas.

Sometimes, if your business appears to be an asset to the community it's in and if you don't earn the ire of the wrong people you may just get a free pass from law enforcement or officials who *could* shut you down but won't. The key is to not annoy the wrong people or give anyone causes to complain.

Sometimes you can even get 'permission' from an employee at the location. If you can obtain this then that would be idea. It really doesn't matter too much if that

employee has actual authority to grant this permission or not. It just gives you more leverage if your right to be there is ever challenged. You can then say, “Oh, I’ve been cleared through Mr. Greenburger at the managers office. I’ve got a temporary stay agreement.”

Sound official? Well, even if you at least *spoke* to Mr. Greenburger and informed him that you would only stay there temporarily and he agreed or at least did not disagree, then... you’ve stated the facts. Get the point? The idea is to realize that you probably won’t be there indefinitely and to just make as much money as you can while you can.

Advantages

The primary advantage of setting up a rent-free biz on private or public property is obvious. The rent you save can stay in your pocket and that’s one less operating expense you’ll have. Another major advantage is that it allows you to test your products, sales and also various areas or types of customers or neighborhoods to sell your product(s) in. Many businesses had humble beginnings and started just like this and then grew to regular storefront businesses. Some have even grown to become popular and well-known franchises.

Some popular examples are Carls Junior, McDonald’s and Kentucky Fried Chicken; worldwide franchises which all had humble beginnings as little roadside eateries. In the Carls Junior example it was actually started by Carl Karcher with just a little cart. There are also other multi-million dollar companies that started with someone selling their homemade products, CD’s etc. from the trunk of their car at roadside locations.

Another advantage to this is that sometimes you can get some really prime locations that have lots of traffic and exposure.

HOME BASED BUSINESS

One good way to avoid the expense of paying for office or shop space is to operate your business from your home. There are many pros and con's to operating a home-based business in the beginning instead of buying, renting or leasing a commercial location. Later, after you've grown you may want or need to expand to a typical commercial location. But in the beginning, many, many types of businesses can be operated from home.

Zoning laws and restrictions may prevent you from operating certain types of businesses in a residential area. You should check with your local zoning laws for details on that. But some neighborhoods are so zoned that you could legally operate almost any type of business from your place of residence. Some people have converted the front portion of their home into a shop, office, or store while they live in the rear portion. Others have bought or rented properties that have a front house, which they use for their business, and a rear house, which they live in.

MOBILE SHOPS

Another way that some entrepreneurs eliminate their monthly rental expense is to operate a mobile business. This is easier than ever now with the current advent of cell phones; pagers; voice mail; fax-on-demand; laptop computers; wireless Internet and other gadgets. For some businesses there is simply no real need for a high priced office space and some have elected to avoid this expense altogether and operate their business entirely as a home-based business.

One of the big advantages of having a mobile rather than a static business is that you don't have to concern yourself with rental a special office or shop to operate out of. You operate out of your home and provide your service to customers or clients in the field.

Another advantage is to the customer, instead of having to come to you; you can go to them at their place of convenience. Many smart entrepreneurs have discovered that many types of business can be successfully converted to a mobile, home-based business. If your business is home-based and mobile then you can operate in the field and may not need to rent office or shop space, at least not at first. Even if you do need the trappings of office or shop space you can certainly start like this just to test the waters and get your business off the ground. Many, many thriving companies have started with very humble beginnings like this.

Sample Mobile businesses

- Counseling
- Legal Services
- Mobile Car wash & detailing
- Mobile repair service
- Notary Services
- Therapy
- Training
- Various cleaning services

RENT-FREE SPACE THROUGH SUBLEASING

Some smart businesspersons are able to get rent-free space by following this simple plan. They rent more space than they need. They then sublet the space they don't need to other businesses. Today, some smart entrepreneurs are renting entire buildings and then subleasing portions of them to other large firms. There are a number of advantages to you if you use such a plan.

- No large down payment required
- No title search, transfer tax or other similar expenses or fees associated with buying
- Fast takeover of the building (usually)
- All rent payments made by you are fully tax deductible

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- No need to sell the building once you are ready to move on or close your building
- The profit from renting out the additional space can make your portion rent-free!

This method is frequently used by companies who need office space but don't need the entire building. They lease the entire building then sublease the office space they don't need. But this plan can also be used for many other types of commercial rent situations. Even a regular shop, storefront or smaller commercial space could benefit from this idea.

Some businesses need very little space to operate out of but they need just the right location. Those businesses could benefit from acquiring a lease agreement on suitable space then allowing other businesses to share the space and the rent with them. This works especially well for businesses that can complement each other. For example, you want to open a video tape rental shop and identify the perfect location for it. Based upon the set-up of the shop space you can lease and your intended plans you see that the space is a lot more than you need. You also see an opportunity to partition off the space creating a separate room. You locate another person who has or wants to open a VCR, TV, and electronics repair shop. You offer them the opportunity to rent space from you within the shop.

In this same building there is a back room that you really don't need. You decide to also rent that room out to a person who wants to open up a hair salon shop.

Now you have identified two tenants who are willing to rent space from you. What can you charge them? Whatever they are willing to pay. You could even charge them a flat amount plus a percentage of the business they do. What you charge them has nothing to do with what you pay. If you got a really good deal on your own space rent you could even collect enough money from your two tenants to pay the entire monthly rent. This is true, particularly if it was in an upcoming area where commercial rents were very low. There are a number of reasons that you could charge more than what you or anyone else dealing directly would have to pay per square foot.

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You can make the final decisions, rent to whomever you want and may have much easier credit requirements. You can offer short term leases. Your business may be a direct complement to their business and they know that they will succeed just by piggybacking off the customers that come into your shop so they will pay more.

The most important thing is to make sure that you own lease agreement does not forbid you to sublease a portion of the space to other tenants.

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GLOSSARY of TERMS

ABANDONMENT – An action indicating the voluntary surrender of a right. For instance the failure to use a right-of-way or easement for a long period of time or the abandonment of real property.

ABSENTEE LANDLORD – An owner who rents out his property and does not live on any portion of it

ABSORPTION RATE – The period of time that it takes to completely sell the lots in a new subdivision or to rent the units in an apartment building; considered part of a builder's or developer's costs.

ABSTRACT OF TITLE – A past history of ownership of a particular property examined by an attorney to determine if there are any defects, which would prevent passage or transfer of clear title to the next owner.

ACCRUE – To accumulate, increase

ACQUISITION COSTS – Costs in addition to the purchase price of real property such as escrow fee, lender's fees and title insurance.

ADDENDUM – An addition to a sale agreement, escrow instructions, contract, etc; may be an amendment of conditions.

ADVERSE POSSESSION - A method acquiring title to property after a period of years of use by taking possession of it under an owner's objections

APARTMENT HOTEL – A lodging which offers a combination of features characteristic of hotels and apartments; residents receive maid service, etc., but may stay for long periods of time, paying on a monthly basis.

ASSIGNMENT – The signing over of title, rights and ownership interest in property to another person, etc.

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ASSUMPTION – The taking over by a buyer of a seller's existing mortgage obligations and/or liabilities. (Any FHA/VA property with an existing mortgage dated prior to 1986 can still be fully assumed (without credit check) by *anybody*.)

BENEFICIAL INTEREST – The ownership of property through a right to legal title rather than through actual possession of title, as in a land contract; also equitable title, equitable ownership.

BLIGHTED AREA – A run-down area in which property values are declining

CONDOMINIUM – One of two or more residential units where the interior air space and walls are owned individually in fee simple, while the ground, exterior walls and other

DUPLEX – A 2-unit apartment dwelling

ESCHEAT – The reverting of title property to the state when the owner dies and there are no known heirs.

ESCROW- A neutral entity acting upon the instructions of two or more interested principals; a holder and disbursing of funds and documents for the benefit of others.

ESTATE - The degree of interest a person has in real property.

EQUITY – The amount of an owner's free and clear interest in real property; the difference between the amount on it and the market value.

FORECLOSURE – The elimination of all rights of ownership and interest in property through legal process after said owner has failed to satisfy the terms of a mortgage, trust deed or contract.

FOURPLEX – A 4-unit apartment dwelling

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Frequently the buyer will put his “(name), and assigns” on the purchase contract. These two words grant buyer the legal right to assign the contract to another party.

QUITCLAIM DEED – A deed that passes on an interest in real property with no warranties attached.

LEASE – An agreement wherein a renter establishes a legal interest in property for a specified period of time under certain conditions, and for consideration (rent).

LEASE WITH OPTION TO BUY – A lease under which a lessee has the future right to purchase the leased property under specified conditions.

LESSEE – The (tenant) party who has right of possession under a lease

LESSOR – The owner who grants the tenant the right to possess or occupy his property in return for rent under a lease agreement.

LETTER OF ATTORNMENT – a written statement from an owner to a tenant informing the tenant that the property has been sold and that future rent should be paid to the new owner.

LETTING – Leasing

MORATORIUM – a legally authorized period of delay in the performance of a legal obligation or the payment of a debt
2: a suspension of an activity

MORTGAGE – The instrument that secures (hypothecates) real property in the name of a lender until a loan (mortgage) is fully paid.

NEGATIVE CASH FLOW – The amount of money owner’s must use out of their own pockets to meet expenses when the income from an investment is insufficient to cover them.

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QUITCLAIM DEED – A deed that passes on an interest in real property with no warranties attached.

PARTITIONING – Dividing real property into two or more parcels.

RENT CONTROLS – Restrictive legislation controlling maximum rental rate owners may charge on their available units.

SUBLEASE – A lease given by a lessee to a third party

SUBSIDIZE – To furnish with a subsidy

SUBSIDY – A grant or gift of money

SYNDICATION – Bringing together a group of people according to state regulations for the purpose of investing in real property or securities as a business.

TAX DEED – A deed issued to a government body upon non-payment of taxes for a period of time; the deed issued to a purchaser of property through a tax sale.

TAX EXEMPTION – Freedom from taxation of property owned by non-profit organizations or qualified elderly individuals.

TENANCY IN COMMON – Property owned jointly by two or more people with no right of survivorship

TIME SHARING – Sharing ownership in a recreational or resort condominium according to time, for example 1 week per year would be a 1/52% interest. Various plans are available.

TITLE – Proof of ownership in real property

TRI-PLEX – A 3-unit apartment dwelling

ABOUT THE AUTHOR

John Pryor is President of ASK Research Specialties Inc. and is also considered by many as the worlds number one expert on creative freebies. Over the past 10 years he and his team of experts have done extensive research into numerous creative methods of getting things for free and have enjoyed many of the creative methods of getting things free themselves.

In addition to being an accomplished author John Pryor is also a mediator with the City Attorneys dispute resolutions program. A Paralegal Specialist; Legal Services Consultant; martial artist; Seminar speaker; motivational coach and the founder of the non-profit organization RISK.

Other related books or reports on unorthodox strategies for getting things free:

- How To Get ANYTHING Free
- (Also Sold As) NO Money Required!
The Gold Pages Directory of Free Stuff
- Free Car Secrets
- Free Food Secrets: Groceries & Dining For Free
- Free Telecommunications Secrets: (Long Distance; Cell Phone; Pager; Fax; Voice Mail; Internet; Computers)
- Free Advertising Secrets

Mr. Pryor has also authored the following Self-help Books and Audio tapes:

- NO Experience Required: \$25 an Hour/Jobs
- ASK Directory of High Paying Trainee Jobs
- NO Credit Required!
- The Art of Mental Combat: Vol. 1 – Psychology, Philosophy and Strategy of Self Defense
- The Art of Mental Combat: Vol. 2 – Realistic Combat Strategy
- Your Secret Weapon
- The Art of the Paper Trail
- NO Excuses! – NO Exceptions!

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True Stories of faith:

- Guardian: Abducted Teen

Legal:

- The U.S. Constitution (*Audio Tape*)
- The Basics of Criminal & Civil Law (*Audio Tape*)
- Contract Law Made E-Z (*Audio Tape*)
- Remote Activism
- How to Beat ANY Lawyer at their Own Game (*Audio Tape*)

Inspirational Reading

- Agape: The Key to Spiritual Power
- With Every Breath I Take
- A Tip for God
- Flowers
- NO Excuses! – NO Exceptions!

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