



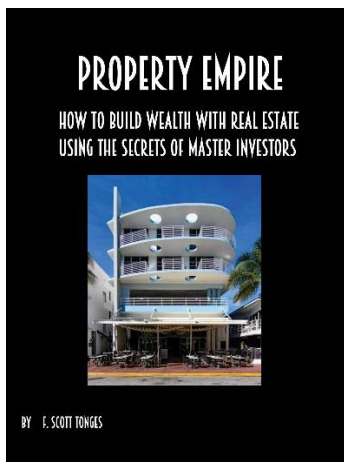
**SOUTHWEST PROPERTY TRUST**

Real Estate Since 1976

# THE \$10K REPORT

**HOW TO PARLAY \$10,000 INTO A \$75,000 TO \$ 150,000 A YEAR, PASSIVE CASH FLOW PROPERTY IN 3 TO 5 YEARS AND MAKE GOOD MONEY ALONG THE WAY.**

A COMPANION TO THE BOOK, PROPERTY EMPIRE – HOW TO CREATE WEALTH WITH REAL ESTATE USING THE SECRETS OF MASTER INVESTORS



BY F. SCOTT TONGES

In the book, pages 23-25, I show these steps and a real world example, also repeated here. Review these ideas, then I'll go into more details.

## REAL LIFE MONOPOLY & THE THREE STEPS TO BUILDING WEALTH QUICKLY



Here's how to play real life Monopoly, including getting the money to get started. I refer to this 3 step process as the "Real Estate Investing Science Plan".

### STEP 1 Seed Capital

Profit with homes & commercial properties using zero down or micro small invested capital. A needed step if you don't have much money to invest or, if you already have money to invest or assets to tap, you can add this step to accelerate growth by generating more investment capital. A business in itself for some investors, a first or supplemental step for others.

### STEP 2 Create Wealth

Seed Capital is then invested in high profit A&B Situations. You may start here if you have funds, but sticking with Step 1 gives you more capital to invest.

### STEP 3 Stabilize Wealth

Use your Step 2 profits to buy or create C & D Situations. Creating them from A&B Situation purchases is what the most successful investors do. You now own solid, passive cash flow commercial properties



## How to Use These Three Steps - A Short Story

### From Knowledge & Zero \$ To \$406,560 plus Cash Flow



**SEED CAPITAL (Step 1)** Imagine you're dropped into a city you don't know. You want to make some money besides job income, and you want to become financially independent as soon possible. Stay with me here, even if these details don't fit your plans or seem too small. You put an ad in the paper seeking a tenant-buyer and offer "Rent to Own – No Bank Qualifying – 3 Bdrm- 2 Bth Home". Next, you call on homes "for rent" and ask if the owner would consider leasing to you with an option to buy and telling them you'd put down a \$2,500 option fee, non-refundable to you. One owner agrees. You look for a tenant buyer calling on your ad with \$10,000 to put down as their option fee to buy. You then lease from the owner, advising you're an investor and will sublease to a tenant buyer and pay all the expenses, in addition to giving them the \$2,500 fee. Your option price to buy from the owner is for \$200,000. Your deal with the tenant buyer is for a \$230,000 option price and they pay all expenses. You put the deal together and **pocket \$7,500** (the difference in the options fees). At final purchase by the tenant buyer, you'll pocket another \$22,500 (the balance owed to you by the tenant buyer of \$220,000 less the balance due the owner of \$197,500). You do this 5 times, netting \$37,500 in non-refundable deposits, and \$112,500 when all 5 tenant buyers close. **The \$37,500 is SEED CAPITAL (step 1) as is the additional \$112,500 due you from the end sales to the tenant buyers in a year or two.**

**CREATE WEALTH (Step 2).** Now, you take the \$37,500 and buy a 4 plex. You use \$30,000 for a 15% down payment. The remaining \$7,500 is for some fix up and reserves. Your price is \$200,000 for the 4 plex. Your mortgage is \$170,000 with payments of \$1,131 /month. In time you raise the rents from \$850 a month to \$1025 a month. This brings the value to \$326,824. You sell the property after 2 years for \$326,824, due to the increase in value because of the rent raises (that's because this is a commercial property). You pay off your reduced loan balance of \$166,421 and **pocket \$160,403**. This happens about the time your 5 lease option deals pay off, netting another **\$112,500**. **You now have \$ 272,903 in cash.** (see calculations in Supplement)

**STABILIZE WEALTH (Step 3).** You take **\$250,000** of your \$272,903 to buy a strip shopping center that's not doing too well for \$550,000. With all 6 tenants in occupancy, paying \$1,400 a month each, it would be worth \$665,000 but a couple of vacancies exist, so you make a good deal. You put down 40% or \$220,000, get a short term bank loan for \$330,000 until you get the center back to full occupancy and rents at \$1,550 mo for each tenant. Upon getting all repositioned and full, you refinance your **\$737,000 newly valued** center, and get a new loan of \$550,000 (about 75% loan to value). You pay off your \$330,000 loan.

**You now have \$220,000 in cash from the refinance, \$186,560 in new equity, and still own the center with an annual cash flow of \$16,662. The cash and new equity equal \$ 406,560.** If you now sell this and repeat the process, perhaps with only one more property sale, you will be able to buy what I show next.



What would a debt free property generating \$75,000 a year in net income look like ? Take a look at this chart.

		Income Property - \$75K Annual Net Income				COMPARISON			
		Retail		Office		Apartment		Warehouse	
Rent		\$ 14.00	psf/yr	\$15.00	psf yr	\$ 725	mo	\$ 3.50	psf/yr
Size		9200	SF	11000	SF	19	units	24000	SF
Annual income		128800	yr	\$165,000		165300		84000	
Occupancy 90%		115920		148500		148770		75600	
Expense		35%		50%		50%		0	
NOI		<b>\$ 75,348</b>		<b>\$ 74,250</b>		<b>\$ 74,385</b>		<b>\$ 75,600</b>	
Value	8.25 cap	\$ 913,309		\$ 900,000		\$ 901,636		\$ 916,364	
		\$ 99.27	SF	\$ 81.82	SF	\$ 47,455	unit	\$ 38.18	psf

In order to generate \$150,000 a year in net income, just double what you see here or own 2 properties like any of these. Unlike homes, net income creates value and by seeking A & B situation deals, and repeating step 2, Creating Wealth, this can be done in a fraction of the time that Situation C investments require to get to this point.

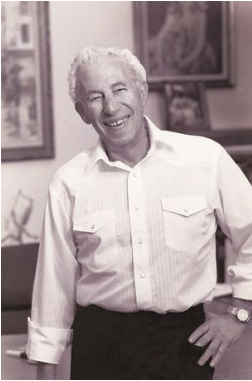


## HERE'S A SUMMARY

THE \$10 K STEPS		
	Arrange for 5 Sandwich Lease Option Homes	Capital Created
<b>SEED CAPITAL</b>	Collect \$36,500 in Option Fee Spreads - By the 4 Plex	\$37,500
	Collect another \$112,500 in Profit Spread When Tenant Buyers Purchase the Homes	\$112,500
	You could also do residential or commercial assignments	
<b>Commercial Investment Focus</b>		
<b>Investment ONE</b>	4 PLEX PURCHASE	
Goal	4 PLEX SALE PLUS \$112,500 Profit From Home End Sales	\$272,903
<b>Investment TWO</b>	Purchase Strip Shopping Center with profits from 4 plex sale and final home profits	
	Bring the Market Performance & Sell the strip center	\$406,560
<b>Investment THREE</b>	Purchase any Situatiiion B commecial property Bring to Market Performance then Sell	\$675,000
<b>Investment FOUR</b>	Purchase any Situatiiion B commecial property Bring to Market Performance then Sell	\$990,000
<b>Investment FIVE</b>	Using the proceeds from selling Investment 4	
<b>FINAL</b>	buy an up and running \$900,000 property (all cash)	<b>\$75,000 / Yr or More</b>
<b>Keep this Property</b>	generating \$75,000 a year or a Situaion B and create a greater than \$75K in income	<b>Cash Flow</b>
		<b>Debt Free Property</b>
		<b>worth \$ 1 million +</b>



## Learning From Master Investors



George Ablah – The first time I met George, face-to-face, was aboard his \$12 million Gulf Stream jet. On board was his \$4 million sculpture collection. George had just completed an 800 property purchase for \$120 million that he'd sell for \$180 million. He told me that what he did on a big scale, anyone can do on a small scale. Indeed, I'd later be involved helping investors sell a building for \$750,000 for which they'd paid \$450,000 just months before: a 66% return on investment. They did nothing but sit on it. George would be a friend for 25 years. George was a SITUATION A & B investor.



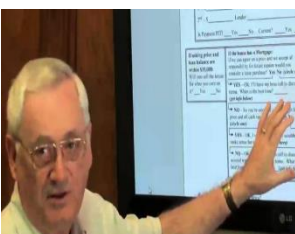
Jerry J. Moore- I helped Jerry Moore buy shopping centers: a few of what would become a 100 property portfolio he'd sell for \$125 million. His cash flow would fund one of the largest classic car collections in America (200 Rolls Royces & Dusenbergs). Jerry had a trick to minimize risk that I show investors how to duplicate. Jerry was a SITUATION A investor.



Darby Suiter – Darby first came into my office on a Saturday morning, wrote up his own contract for a 76 unit apartment for cash and we closed 10 days later. I'd go on to help him expand from 127 apartment units to 720. On the side, he acquired 150 homes in two cities. He cashed out late in life leaving \$50 million in cash and stocks according to his attorney. Darby was a friend to me and my wife for 25 years. Darby was a SITUATION A investor.



Howard Ruby – Howard founded the billion dollar R&B Realty empire. I was his acquisitions guy for several states. We did large, institutional size deals for which value could be added in short order. It was here I really saw that valued added, high profit deals could be done on any scale. Our investing partners included life insurance companies. Howard was a SITUATION B investor.



Ron LeGrand – Ron is the number one home investor in the country, with 3,000 deals completed & counting. It was his unorthodox, low risk, extreme profit ideas (like turning \$2,500 into \$25,000 with a property you never own) that I realized could be applied to commercial estate. After getting my book, Ron invited me to speak as his commercial seminar. Ron is a SITUATION A & B investor.



## WHAT NEXT ?

**What I do-** I help apartment and commercial property investor/owners to increase cash flow, value and wealth in one third the usual time by using techniques I learned from these and other master investors. I help you invest in A & B situations successfully.

1. If you are a current property owner or investor, check out the Ascension Options Report on the home screen of my company site ([www.SouthwestTrust.com](http://www.SouthwestTrust.com)).
2. If you are new to investing, my home study course will be done in early 2022. Until then check out my house guru mentor, Ron Legrand at [RonLegrand.com](http://RonLegrand.com) and take a look at his Gold Club and his Pretty House Terms course. For my first house deal after learning about sandwich lease options from Ron, I spent \$50 for some ads and made \$ 11,500 on my first residential deal. Reinvesting only that seed capital I continued and made over \$350,000 part time repeating the process. It's a great start.



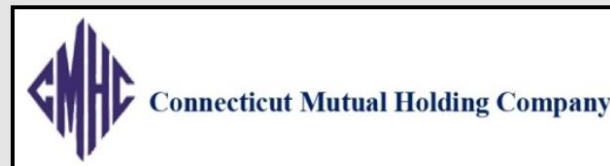
F. Scott Tonges, President

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Some Past, Paying Consulting & Asset Management Clients of Scott Tonges



Client letter excerpts regarding Scott Tonges. Full letters & more at [www.SouthwestTrust.com](http://www.SouthwestTrust.com) then to “About” tab.

**Re: Medical Center Del Oro / 60,000 Multi-Tenant Investment Building. Letter from Owner-Bert Zweig, Esq / Chairman – Corp Finance Division of the law firm Finley, Kumble, Wagner. Beverly Hills, CA.** *“I can say he is an expert in real estate finance, development, and sales. Mr. Tonges has performed such services for me and for others with whom I am associated, all to our great satisfaction. I respect his experience and rely heavily on his judgment in such matters.”*

**Re: Analysis of a Planned, Full Service Hotel Acquisition by Brokers Client. Brokers note to me after a meeting with his client on a paid basis. Broker: J. Jackson. Colorado** *“Scott, thanks so much! Your knowledge in this area of real estate is quite obvious”*

**Re: Management and Sale of Apartment Complexes. Owner: Eastern Savings Bank – Scarsdale, NY. Coleman Donaldson, Assistant Vice President.** *“...they (Tonges – McKelvy firm) possess broad knowledge of the financing and marketing of commercial real estate projects which is essential in today’s competitive & complex market. I hold both individuals in the highest esteem”*

**Re: Development & Brokerage. Service: Employed Attorney; Joe Bax, Esq – Hoover, Bax, & Shearer.** *“...has always conducted himself in professional manner. He is a most capable individual with a rather broad range of abilities.”*

**Re: Acquisition Brokerage, Management & Resale of 713 Unit Apartment Portfolio – Client: Sparhawk Development-North Reading, Massachusetts** *“Scott and his firm have done great job managing the apartments and also reselling 566 units for a profit”*

**Re: Single Mom seeking to own her first 4 plex. Unsolicited email. Laura N.** *“I never forgot you & am so thankful and blessed that I received your time and coaching years ago...As of December 2016, I purchased my first 4 plex...I did it !”*

**Re: 168 Room Hotel Sale – Owner: Group of 15 attorneys – Tom Farr, Managing Member/ Miami, FL / Cash sale.** *“...the letter of intent was signed Nov 15, and the transaction closed December 27. Our group was pleased with Scott’s professional attitude and methods of keeping everyone informed, especially given the fast pace once this final transaction got underway.”*



Named among the top 25 commercial real estate brokers in the US, by CBRE, Scott’s 42 year career has spanned every facet of investment real estate. Spending an average of 6 years focused on each commercial property type, he also founded a commercial property management firm operating in 5 cities, overseeing 1,870 apartment units and 550,000 SF of commercial properties. He has developed both commercial and residential properties, founded a residential brokerage firm, and has been involved in transactions from modest to \$220 million dollars. Today he’s a private investor, consultant &

educator.