

INTRODUCTION

What if I told you the smartest investment you would ever make during your lifetime would be a home?

What if I told you that the way in which you buy your homes over the course of your lifetime would determine whether you ever become rich?

What if I told you that in just an hour or two I could share with you a simple system that would help you become rich through homeownership?

What if I told you that this system was called the Automatic Millionaire Homeowner—and that if you spent an hour or two with me, you could learn how to become one?

Would you be interested? Would you be willing to spend a few hours with me? Would you like to become an Automatic Millionaire Homeowner?

—DAVID BACH

If the lines above got your attention, then please keep reading. Stay where you are for a few minutes and read just a few more pages. Whether you rent or own, this book can transform your life. It's a powerfully simple plan—a lifelong strategy for wealth-building that works in any market because it's based on time-tested wisdom that is tried and true.

THE AMERICAN DREAM IS BACK!

Over the last few years, something radical happened to the way Americans think about money and investing—something so radical that it may have forever changed the way we live our lives and plan for our futures. What happened is that a lot of people got fed up with the stock market.

The reason for this change of heart was simple. Between March 2000 and the summer of 2002, the U.S. stock market imploded, with losses totaling a whopping \$6.9 trillion. To say the least, it was one brutal meltdown. And its effects lingered for years. By the middle of 2005, the NASDAQ Composite Index, which tracks mainly high-tech stocks, was still more than 40 percent below where it had been in 2000, while the blue-chip Dow Jones Industrial Average remained down more than 10 percent.

For many families—maybe yours was one of them—this market “correction” (which is what the experts called it) was the proverbial straw that broke the camel’s back. Americans simply decided that enough was enough. They were taking their stock market “chips” and going home—literally and figuratively.

Instead of keeping their money in stocks, many Americans started investing in real estate—mainly in homes, home improvements, and second homes. This simple change has led to a boom in real estate and homeownership the likes of which we’ve never seen before. It’s an exciting time to be building wealth in America, but it’s also a frightening time

because Americans now have so much of their wealth tied up in their homes—about \$10 trillion in equity, the Federal Reserve reported in 2005, or about the same amount as there is in stocks. And many people are wondering—maybe you're one of them—whether this is a safe place to be.

SMART HOMEOWNERS ARE FINISHING RICH—HOW ABOUT YOU?

Between 2001 and 2005, the average homeowner saw the value of his house jump by more than 50 percent. Many homeowners doubled, tripled, and in some cases even quadrupled their wealth in just five years because of exploding real estate values. As prices soared, experts began warning that the real estate market was starting to look like the overheated technology market of the late 1990s. Nonetheless, as I write, the gold rush to real estate continues.

According to the National Association of Realtors, the median home price in America hit \$220,000 in August 2005—a more than 55 percent increase in less than five years. And that was just the median. In many markets, including San Francisco, Las Vegas, Miami, San Diego, and New York, home prices shot up more than 100 percent in the same period. Some people were literally able to buy a home, live in it for five years, then sell it and retire. Done. Game over.

Imagine that. Buy a home, live in it, build your wealth, get great tax deductions—and then retire rich. It may sound too good to be true. But it's not. It has happened—and it will

continue to happen for millions of people over the next few decades. The question is, will it happen for you? Will you catch this wave, miss it—or will it crash on you?

BOOM OR BUST—YOU CAN STILL MAKE MONEY IN REAL ESTATE

As I sit here in August 2005, I have no idea when you will be reading what I'm writing. Maybe it's March 2006 (when this book is scheduled to be published)—by which time the real estate market could be slowing or cooling down to modest single-digit annual gains (or not). Perhaps this book was bought by a friend of yours who passed it along to you—and it's now 2007 and those once "certain" boom markets are going bust due to speculation. Or maybe the opposite has happened—interest rates have remained at historic lows, and home prices have continued their march upward.

In fact, it doesn't really matter when you happen to be reading this or what's going on right now in the markets. This book is not about the boom . . . or the busts. It's not about timing the real estate market. It's not about the fantasy of "getting rich overnight" in real estate.

What this book is about is the truth. And the truth is this:

*Nothing you will ever do in your lifetime
is likely to make you as much money as
buying a home and living in it.*

Realistically, the best investment you will ever make will be your home.

Don't worry about timing the market in real estate. It's time *in* the market that will matter for you.

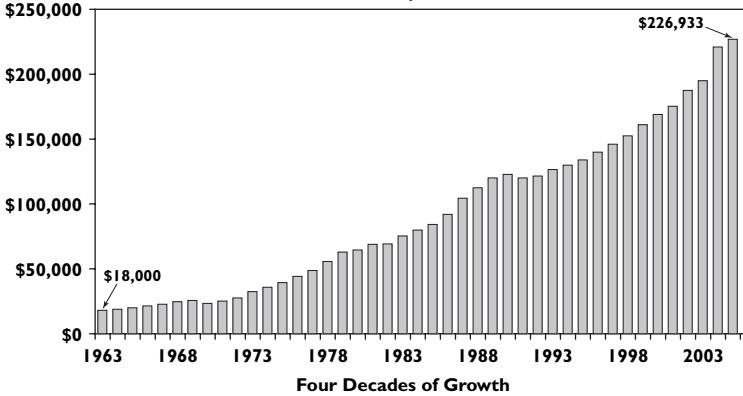
HOMEOWNERS GET RICH AND RENTERS STAY POOR

The bottom line is this: The American Dream of building a nest egg by owning a home is no fantasy. Homeowners have been getting rich off their real estate for years, and they will continue to do so in the future. There are also more of them than ever before. In fact, as I write this, there are a record 73.4 million homeowners in the United States—more than 69 percent of American families, according to government statistics. And it's not just wealthy people who are buying homes. More people under the age of 25 are buying homes than ever before, and for the first time ever a majority of minority Americans are homeowners.

The same thing is happening all over the world. According to a report in *The Economist* magazine, the total value of residential property in developed countries has soared in recent years, rising from \$40 trillion to \$70 trillion. The fact is, never before have so many people in so many countries seen housing prices rise so much for so long.

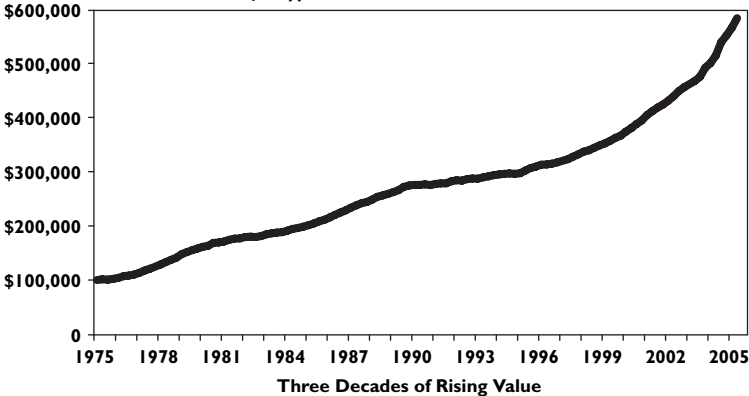
If owning a home is working so well, what's not working? The first answer is renting. For renters, the facts are frankly a little depressing.

Home Prices—Up, Up, Up
Median Price of New Homes Sold



Data for 2005 is through September and is preliminary.
 Source: U.S. Census Bureau (October 27, 2005)

The Value of a Typical Home—Way Up!
Value of a Typical Home Valued at \$100,000 in 1975



Data for 2005 is through the second quarter.
 Source: Office of Federal Housing Enterprise Oversight (September 1, 2005)

IF YOU WANT TO BE RICH, DON'T RENT

I apologize up front if you're a renter, because I know this may be brutal to hear, but you have to hear it if you're going to change. So here goes.

You simply can't get rich renting. We know this. It's a timeless truth. According to a recent report by the Federal Reserve, the average renter in America is basically broke.

Try this on for size:

- In 2003 (the most recent year for which this kind of data is available), the average renter in America was worth less than \$5,000.
- The average homeowner was worth nearly \$172,000.

The comparison is pretty stunning. **The average homeowner is more than 34 TIMES RICHER than the average renter.**

Could it be any clearer?

The point is that if you're renting, it's time to stop. Not that there's anything wrong with people who rent. Renters aren't bad people. In fact, my goal for you is to someday own some homes or condos that you can rent to other people. It's just that if you are a renter yourself, I don't want you to continue being one much longer.

LET'S TAKE A JOURNEY TOGETHER— AND SEE HOW EASY THIS CAN BE

This book is the eighth one I've written in the FinishRich Series; as of this writing, there are more than 4 million copies

of these books in print, translated into 15 languages. If this is the first FinishRich book you've gotten, let me start by saying "thank you" for the opportunity to be your money guide and coach. If you are a returning reader, let me also say a sincere "thank you" for your trust in me.

Writing these books has been an amazing journey for me. Each and every day, my team and I at FinishRich Media receive letters and e-mails from readers sharing with us how they've taken to heart the messages and lessons they've read in my books and used them to change their lives for the better.

WHY THIS BOOK NOW?

Back in January 2004, I published a little book called *The Automatic Millionaire*, which immediately became a #1 *New York Times* and international bestseller. That month, I also had the incredible opportunity to share my book's simple message on *The Oprah Winfrey Show*. Our goal on *Oprah* was to teach millions of viewers how easy it could be to become an Automatic Millionaire by "paying yourself first" and making all your savings automatic. No budget was needed, no discipline was required. All it would take to achieve real wealth over your lifetime was a simple program that anyone could set up in an hour.

One section of *The Automatic Millionaire*—and also one of my appearances on *Oprah*—focused on real estate, making the point that after "paying yourself first," the most important thing you could do to achieve wealth was to buy a home. This prompted literally tens of thousands of readers to ask

me the same question: “But how do I buy a home?” Others wrote, “I own a home but I don’t feel rich. How do I use my home to become a millionaire?”

That’s why I wrote this book.

**MY MISSION WITH THIS BOOK IS
TO HELP YOU USE HOMEOWNERSHIP
TO BUILD REAL WEALTH FOR LIFE—
AUTOMATICALLY!**

For many of our parents and grandparents, real estate is a safety net. The equity in their houses is the cushion that supports them financially during retirement.

But I have a different—and better—plan for you. *Automatic Millionaire Homeowners are proactive*. They look at their homes not just as potential safety nets but as the means to live and get rich. That’s my goal for you.

My mission with this book is to show you how homeownership can be the centerpiece of your wealth-building strategy, the key to achieving financial independence. Like *The Automatic Millionaire*, this book is designed to be read in just a few hours. In the process, you will learn everything you need to know, quickly and simply, to become an Automatic Millionaire Homeowner.

If you don’t already own a home, I will take you by the hand and lead you step-by-step through the process of going from renting to homeownership. And once you become a homeowner—or if you already are one—I’ll show you how

to use your property to build wealth. Remember, when you purchase a home you're doing more than just buying a place to live in. You're creating an opportunity for true financial independence. If done properly, homeownership can be a foundation on which you can build real wealth—even if you never earn more than an ordinary income. Real estate has always been the leading tool people have used to build wealth in America—and it is not too late for it to work for you.

Most important, I'm going to share with you how to make your homebuying experience as “automatic” as possible. In particular, I'll show you how to automate your mortgage payments so you can build equity in your home faster—increasing your net worth and opening a whole new world of possibilities for you. Ultimately, this little trick will enable you to become debt-free years ahead of schedule—which could save you more than \$100,000 in mortgage interest and possibly even help you retire five to ten years early.

IT'S NEVER TOO LATE TO CATCH THE REAL ESTATE WAVE

“But, David, are you sure it's not too late?”

As I've traveled around the world in recent years doing television and radio shows, seminars, readings, and book signings, I've had the honor of meeting tens of thousands of readers. And at every event, speech, and airport encounter, I get asked the same questions. “David, what about real estate?” “Is it too late for me?” “Can I still buy a home?” “What type of mortgage

should I use?” “What about buying a second home?” “My friend is investing in condos in Florida and flipping them. What do you think about that?” “My home has doubled in value in the last five years. Should I sell it and cash out?”

In fact, well over half the questions I get these days are about real estate. Given the spectacular performance of the real estate market over the last few years, this really isn't very surprising. Nonetheless, the questions remain.

Is it too late for you to catch this real estate wave? Or, as was the case with the stock market in the late 1990s, are we experiencing a bubble that's about to pop?

The answers to these questions will be found in this book. But I can tell you one thing right now: There's no reason to worry that homeownership will turn out to have been nothing more than a passing fad. And here's why:

AS LONG AS YOU'RE ALIVE, YOU HAVE TO LIVE SOMEWHERE

Read that again. “*As long as you're alive, you have to live somewhere.*”

This is one of those facts of life that's so obvious we don't even think about it. Everybody has to live somewhere, and someone owns every place where someone lives. It may be your parents, or a landlord, or the government—but someone has owned every place where you and every one of your neighbors have lived.

Why shouldn't that someone be you?

HOW THIS BOOK WORKS

Every time the real estate markets take off, publishers pump out what seems like thousands of books and tapes on “how to get rich in real estate.” Chances are, you’ve bought some of these books or tapes yourself. I know I have. Some of them are truly inspiring, but few of them give you a real plan. They say you should own real estate if you want to be rich—but they don’t tell you how. And many of them advocate unrealistic schemes that take so much work you’d practically have to quit your day job to put them into practice.

If you’ve read any of my other books in the FinishRich Series™, you know I don’t do that. I want to inspire you to act, but I also want you to know and understand *exactly* what you need to do. And I make it simple—simple enough for you to be able to act quickly.

My books are about taking action—because it’s action that ultimately will change your life.

So let’s get started on our journey.

First, you’re going to meet the “original” Automatic Millionaire Homeowner. In my years of being a financial advisor, author, and speaker, I’ve actually met thousands of Automatic Millionaire Homeowners. In fact, I’ve met more people who have become rich through real estate and homeownership than through any other means.

Lately, of course, it’s become hard to avoid people who like to brag about the money they’ve made in real estate. In fact, it’s often the main topic of conversation at cocktail parties,

and to me that's worrisome. The people you hear bragging about buying and "flipping" properties are just like the folks who bragged about their "dot-com" stocks in the late 1990s. Many of them are probably over-leveraged and are bound to get hurt financially. Some will lose their homes to foreclosure and, worse, may even end up bankrupt.

This book is not about how to be like those people. In fact, it's the opposite. It's about how to keep from getting sucked into the "buzz of a boom" and making foolish decisions—in short, how to become an Automatic Millionaire Homeowner who builds real wealth through a lifetime of homeownership.

These "average" homeowner millionaires are all around you, and there is no reason why you can't become one yourself. John and Lucy Martin, whom you're going to meet in the first chapter, are just such a success story. I met them about ten years ago and through their example realized how simple homeownership can make anyone rich—if you have a plan to make it happen.

The Martins' story did more than educate me. It inspired me to take action, to try to do what they had done. As a result, in just ten years I've increased my net worth by more than \$1 million simply through homebuying.

Not bad considering I've only bought three homes so far in my life. So read their story and let it sink in. It's designed to open up your thinking—and inspire you to become an Automatic Millionaire Homeowner yourself. In the ten chapters that follow the Martins' story, I'll give you step-by-step instructions on exactly how to put yourself on the path to riches they took, teaching you how to transform yourself from a renter to

a homeowner—and from a homeowner to an *Automatic Millionaire Homeowner*.

YOU DON'T HAVE TO DO THIS YOURSELF

From the outside, the real estate game can seem complicated and competitive, filled with lots of players, all of whom are striving to win. Because of this, many people simply give up on being a homeowner. Or if they become a homeowner, they never take the next step and buy a second home or a rental property.

My goal with this book is to show you how easy it can be to find your way through this seemingly complicated world. I'll explain what all these players really do and teach you how to pick good ones who can help you on your journey to becoming an Automatic Millionaire Homeowner. I'll translate the jargon real estate professionals use. Once you speak their language—and know what questions to ask—none of it will seem so intimidating.

ALMOST ANYONE CAN BUY A HOME TODAY

You may think that if you've got a bad credit record, a lot of credit card debt, or not enough cash for a down payment, there's no way you could buy a home. If so, you'd be wrong.

In fact, you wouldn't believe how easy it is for almost anyone to buy a home today, especially first-time homebuyers. There are programs set up specifically to help people who have no money for a down payment. There are national banks that will loan you more than 100 percent of the cost of a home. And there are institutions that will structure loans so that your monthly mortgage payment will be the same as the rent you may be paying right now.

If any of this seems confusing—or too good to be true—*don't worry*.

The fact is that homebuying is both easier and more straightforward than most people realize. Not only do both the government and the banks want you to become a homeowner, but thanks to the Internet you can shop for a loan, find a real estate agent, and search for available properties without ever leaving your couch. And in this book, I'll show you how to do it all.

THE PHILOSOPHY BEHIND THE AUTOMATIC MILLIONAIRE HOMEOWNER

- You can't get rich renting.
- You don't need a lot of money for a down payment on a home.
- You don't need good credit to buy a home.
- You should buy a home even if you have credit card debt.

- By adopting what I call the “Automatic Millionaire Mindset,” you can build a fortune by buying just a few homes over the course of a lifetime.
- Homeowners get rich; landlords get *really* rich.
- *Above all, you need an “automatic system” to keep your real estate plan on track and guarantee that you won’t fail.*

To make things even easier, this book is more interactive than any I’ve ever written. Each chapter ends with a short summary outline I call the Automatic Millionaire Homeowner Action Steps. These steps are your “ready, set, go” exercises—point-by-point instructions that you can use to make progress quickly toward your dream of homeownership and becoming an Automatic Millionaire Homeowner.

In addition, each chapter offers you a link to our web site at www.finishrich.com, where you can download—for free—a series of special audio programs that contain even more information to help you become an Automatic Millionaire Homeowner.

So let’s get started. Let’s take a look at how John and Lucy Martin became Automatic Millionaire Homeowners, and then let’s go look at how you can do the same.

In just a few hours, I believe you’ll be surprised by how much your thinking can change. And as your thinking changes, you’ll begin to see—as thousands of people already have—that you can do it, too.

FREE! AUTOMATIC MILLIONAIRE HOMEOWNER PROGRAM

Each book I write contains a gift. It's my way of saying "thank you" for allowing me to become your money coach. This book offers more than one gift—it comes with a complete audio program designed to follow the book interactively. It's called THE AUTOMATIC MILLIONAIRE HOMEOWNER PROGRAM, and you'll find the entire program at **www.finishrich.com/homeowner**.

The web address leads to a podcast that you can listen to in conjunction with the chapter or at some later time that's more convenient. Also at this area of the web site, you'll find special tools designed to help you achieve your dream of becoming an Automatic Millionaire Homeowner. And you'll be able to read real-life success stories of people like you who are implementing the Automatic Millionaire philosophies into their daily lives.

In all, this program has a value of more than \$295. But it's free, as my gift to you—so take advantage of it and enjoy!