

Hands-On Wholesaling Academy

My Goal for You this Weekend

1. That you understand the “how to” of each step of a deal
2. That you understand the “why we” of each step of a deal
3. That you build your skills in:
 - Interviewing
 - Estimating
 - Evaluating
 - Inspecting
 - Negotiating

The Purpose

4. That you get your questions answered
5. That you become more confident and less afraid of the process
6. That you get the most updated information about the current market and practices
7. To make it much, much easier for you to put cash in your pocket ASAP!

The (Tentative) Agenda

This morning—getting and processing leads

- Process overview
- Best lead sources
- How to “take” calls
- The phone rang; now what?

The (Tentative) Agenda

This afternoon—pre-appointment due diligence

- The point of the interview
- Negotiation advice
- Live seller calls
- Online evaluation
- How to organize and track leads/REI Blackbook demo

The (Tentative) Agenda

Friday—Contract to assignment

- Online evaluation
- Getting the deal “under contract”, by seller type
- Who’s your buyer?
- Marketing deals to buyers

The (Tentative) Agenda

Friday Afternoon

- How to use the assignment of contract and purchase agreement for assignment
- Post-contract due diligence
- How to deal closes
- What to have at the closing
- What to expect when you're inspecting

The (Tentative) Agenda

Saturday—inspecting Deals

- 9 am meet at hotel for property tour
- 10-3 property tour
 - PLEASE WEAR CASUAL CLOTHES, SOCKS, HAT, NO SANDALS!
- Reception at 7:30

The (Tentative) Agenda

Sunday: the business and mindset of wholesaling

- Wholesaling in your IRA
- Meet the AC
- Using VAs
- Raising money for your business
- Selling financed flips
- What to do next on Monday morning

How to build your wholesaling business (the big picture)

Learn to
do it



Do it



Systemize
it



Passivize
it

How to spend your time (the immediate picture)

Learn to
do it

```
graph TD; A[Learn to do it] --> B[Find the deals]; A --> C[Find the Buyers]; B --> D[Evaluate the deals]; C --> E[Sell the Deals];
```

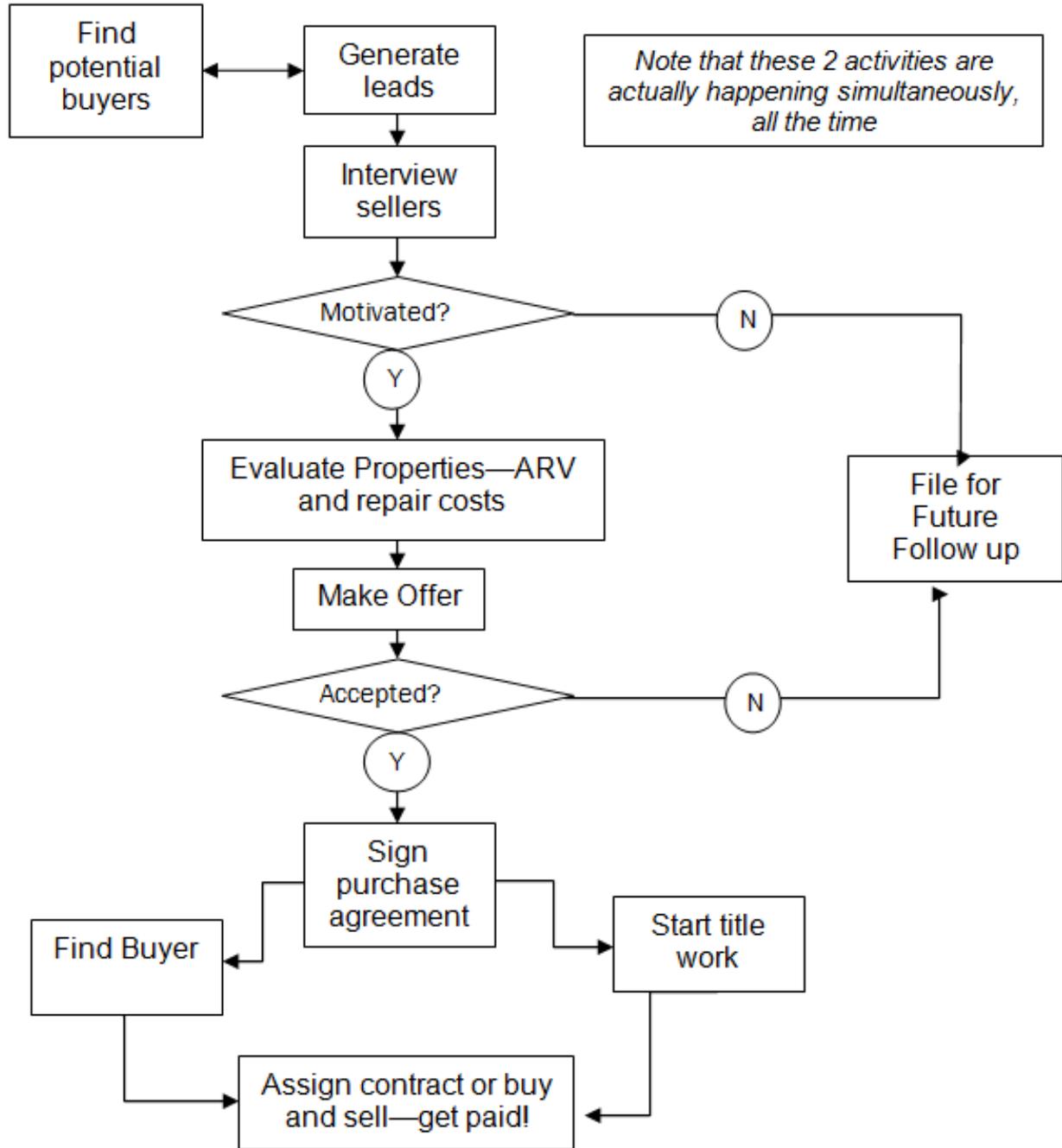
Find the
deals

Evaluate
the deals

Find the
Buyers

Sell the
Deals

The Wholesale Process



Deal-Finding Review

- What kind of property are we looking for?
- What kind of seller are we looking for?
- What kind of price do we want to pay?
- What contract terms do we want?
- What product are we selling?
- WHY are we able to sell it—ie, why do our customers want it?

There are Different “Types” of Sellers

- Individual, non-represented seller
- Individual, represented sellers
- Bank sellers (including FNMA)
- HUD
- Bulk sellers

These Sellers are Different in:

- How you find them
- How you get to negotiate with them
- What they require for you to make an offer (proof of funds etc)
- What purchase agreement you use
- How you “assign” the contract

Why We'll Focus on Individual Unrepresented Sellers

- They are the best source of deals in most markets, most of the time
 - Exception: in “buyer’s markets”
- It is with these sellers that you exercise ALL of the skills you learn

Individual Sellers

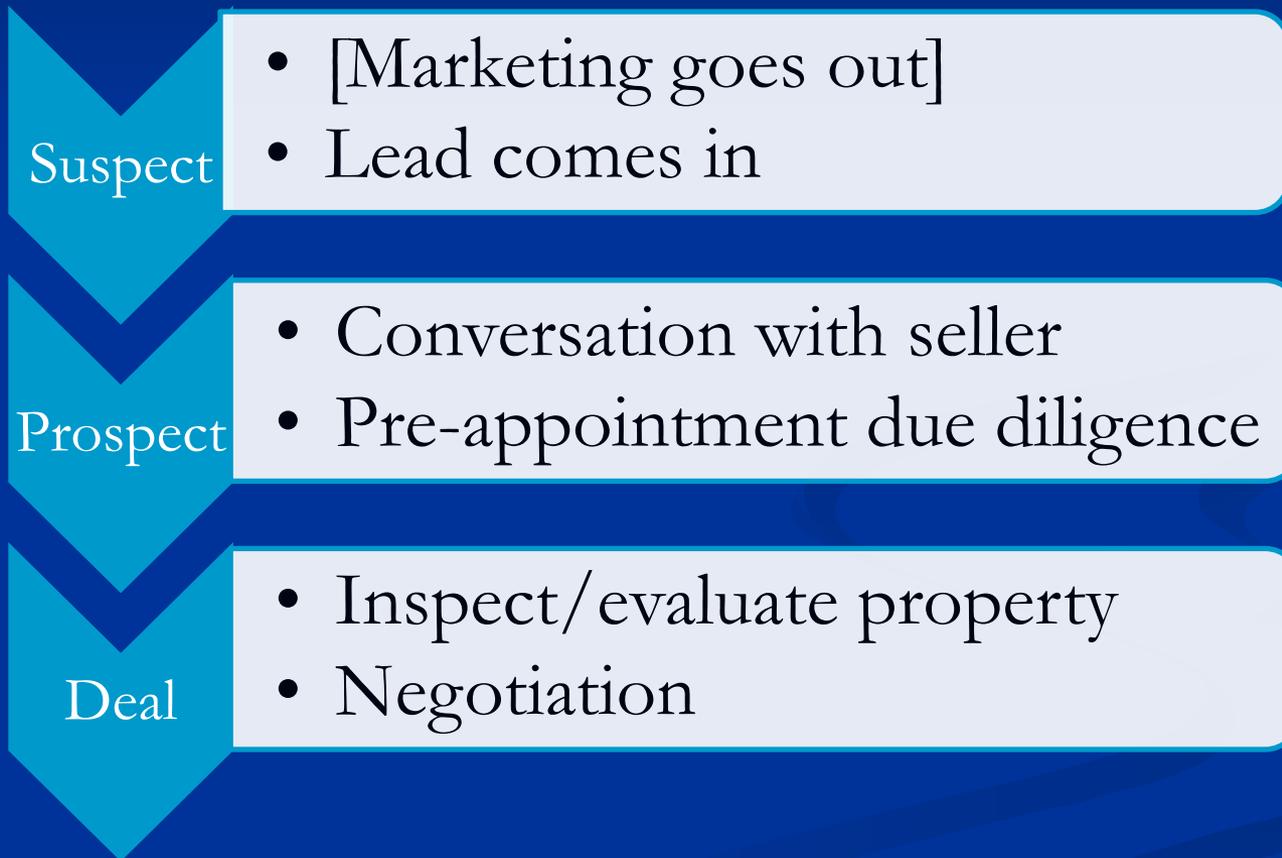
- Found by: Marketing and FSBO lead sources
- Negotiated by: conversation
- Put under contract with: your contract
- Assign with: a standard assignment OR trust assignment

Individual Sellers

These are the sellers with which you most control the conversation and terms of the agreement

These are the deals in which YOU guide almost everything that's happening—your seller can't “help”

How to Process of Making a Deal with a Seller Happens



Marketing

To get contact with a seller, what do you do?

- Direct mail to “probably motivated” sellers
 - People with situations you want, not with properties you want
- Our best response rates come from:
 - Driving for dollars lists
 - SOME code violations lists
 - Out of town owners

Marketing

To get contact with a seller, what do you do?

- Shotgun marketing to the public
 - Bandit signs
 - Websites
 - “I buy houses” ads in craigslist
 - Car signs
 - Bus benches
 - Billboards

Marketing

To get contact with a seller, what do you do?

- Reaching out to FSBOs
 - Non-wholesalers!
 - Craigslist
 - Zillow
 - Forsalebyowner.com
 - Signs you see
 - Rental signs you see

How will the seller be interviewed?

Your phone is going to ring; what is the seller going to experience next?

- You answer the phone
- Someone else answers the phone
 - VA
 - Answering service
 - Employee
 - Full interview, or limited questions?
- No one answers the phone

How will the seller be interviewed?

- Perfect scenario: you will answer the phone 100% of the time, able to do a full interview
- Realistic scenario: you can answer the phone part of the time, someone else answers it the rest
 - You'll return all calls within 24 hour
 - Control your phone number!

A Lead Has Come in, Now What?

- SOMEONE takes the seller through the full interview form
 - Rapport
- Before looking at the property, you'll want:
 - Comps
 - Repair guesstimate
 - A bottom-dollar price from the seller that sounds in the realm of reason

Your Negotiation Stance

- You and the seller are on the same side.
- Your job is to find out whether you can help solve his problem.
- He needs to sell, you don't need to buy
- Approach all conversations as if you were there to help and advise
- Don't deal with jerks.

Seller Objections (during the interview)

- How do you buy houses?
- Just come out and make me an offer.
- I don't know what I want for my house.
- You don't need to know what I owe; it doesn't affect what I want for the house.
- I've had higher offers than that.
- I'm not giving my house away!

Negotiation (for you)

How do you...

- Tell a seller that his house is truly worth \$100,000 less than he thinks?
- Tell a seller he's asking a ridiculous price?
- Tell a seller that his house needs \$25K more in repairs than he thinks?
- Tell a seller that you want to pay him \$50,000 less than he wants?

Negotiation

How do you...

- Tell a seller that you can't pay what you've already offered him?
- Tell a seller that...?

The purpose of the initial online evaluation

- To get an idea of the ARV of the property
- ...SO THAT you can decide based on the seller's report of needed repairs approximately what you'll be able to offer
- ...And tell the seller that
- ...to see if he's game
- ...so you can decide whether to view the property

Things NOT to Do...

- Don't spend hours researching/evaluating properties BEFORE you've talked to the seller
- Don't look at "one line listings" to decide that a property is worth: details matter
- Don't depend on the "free" comping sites unless absolutely necessary

The “Trashflow” evaluation

- What it is: a way of evaluating LOW INCOME rentals by potential return
- When it's used:
 - Low income rentals ONLY
 - ONLY when there aren't any, or enough, ARV comparables to come up with a value otherwise

The “Trashflow” evaluation

- What it does: assumes a certain set of facts:
 - Stabilized single family rentals cost 20% of the gross rents to maintain
 - Landlords want to make \$xx cash flow to own rentals
 - Landlords can borrow private money at 8% interest with 30 year amortizations
- And uses these numbers to back into a value

The “Trashflow” evaluation

- What it does: assumes a certain set of facts:
 - Stabilized single family rentals cost 20% of the gross rents to maintain
 - Landlords want to make \$xx cash flow to own rentals
 - Landlords can borrow private money at 8% interest with 30 year amortizations to both BUY AND FIX a property
- And uses these numbers to back into a value

In other words:

- If I know that a property
 - Rents for \$1000
 - Costs \$200/mo for taxes and insurance
 - And landlords in my area want to net \$200/mo
- What is the net amount left over for debt service?
- And how much of a loan will \$400 service at 8% over 30 years?

In other words:

- A: \$54,876
- Q: What does this number “represent”?
- A: an ARV
- Q: so what’s the as-is value?
- A: ARV-repairs

Understanding Buyer types

- The retailer
 - Fixes and resells properties
 - Is willing to do a lot of work for a lot of profit
 - Buys with
 - Cash
 - private money
 - hard money
 - IRA money
 - Does not do any labor himself

Understanding Buyer types

- The retailer is your buyer for:
 - Properties in type 3+ areas
 - Properties with 3 or more bedrooms
 - Properties with no “functional obsolescence”
- His repair costs include labor, materials, permits, etc

What Retailers Buy



- 271 Carriage Cr.
- 7 rm 3 br 2/2 ba
- ARV=\$170,000
- Repairs=\$40,000
- Sale Price=\$75,000

Understanding Buyer types

- The white-collar landlord
 - Wants high cash flow and relative ease of management
 - Is NOT willing to do a lot of work (<\$20,000)
 - Buys with:
 - private money
 - IRA money
 - Cash
 - Sometimes refinances with conventional funds
 - Does SOME work himself

Understanding Buyer types

- The white-collar landlord is your buyer for:
 - Middle and high type 2 areas
 - Type 3 areas
 - Including properties with functional obsolescence etc
 - 2+ bedroom properties
 - Cash flow is a big issue
- His repair costs will NOT be as high as the retailer—less repair, lower labor costs

What White Collar Landlords Buy



4200 West

2 family

2 br + 4 br

\$1200/mo gross rent

“trash flow analysis” value =
\$45,000

Repairs \$20,000

Sale price \$12,900

Net income (with no
refinance): \$713/mo

$ROI = 713 * 12 / 33,000 = 25.9\%$

Understanding Buyer types

- The DYIer/Blue Collar landlord
 - Strategy is: buy incredibly cheap, rehab cheap
 - It's ALL about the cash flow
 - Will do LOTS of work
 - Pays cash (or you finance)
 - Does most work himself

Understanding Buyer types

- The DYler/Blue Collar landlord is your buyer for”
 - Properties in type 1.5-2 areas
 - 2 & 3 families
 - Properties that don't make strict “sense” numerically

What DIYers Buy



642 Delhi

4 br frame

Type 2 area

Needs EVERYTHING: \$45k+
in work if done with
contractors

Worth ???

Sale price: \$5,900

\$500 down, \$181/mo for 3
years

What DIYers Buy



DIYer math:

I can buy this house for \$500
down

I can fix it for \$15,000 over the
course of a year

I can rent it for \$700/mo

I will make \$500/mo

Understanding Buyer types

- The full-time investor
- The part-time investor

There are 2 ways you'll interact with buyers:

1. When you don't have a deal for them, "building your buyer's list"
2. When you do have a deal, by directly advertising your deal (and building your buyer's list)

When Marketing Deals to Buyers...

- Remember to talk in the terms in which they're interested
- Disclose that you're selling a contract, not a property

Assigning Your Contract

- The purchase agreement for assignment
- The assignment agreement

A word about wholesale JVs...

- Deals with 2 wholesalers involved, one “bringing” the deal and the other “bringing” the buyer
- Legally problematic and should never be necessary

Post-Contract Due Diligence/Paperwork

- Title search
 - Prior to or after finding a buyer?
- Gather docs and disclosures
 - Property disclosure
 - Lead disclosure
 - “big boy” disclosure
 - Prepare land trust & related docs

Bulk Sellers

- What they are:
 - Companies and Funds that purchase properties from banks or other sources “in bulk”
 - Nationwide “tapes”
 - Former REOs or defaulted mortgages, tax liens
 - With the intention of reselling them as is

Bulk Sellers

- What they have:
 - Primarily small residential properties
 - Primarily in rough condition
 - Primarily in rough areas

Bulk Sellers

- How to find them
 - VIPhomeshop.com
 - Econohomes.com
 - AND...

FOR SALE

[Redacted]

AS LOW AS

\$500⁰⁰

DOWN

\$83⁰⁰

/MONTH

10% IR, 10% APR, 48 mos

Summary



Parcel ID	Address	Index Order
0-0075-0314-00	1019 WINFIELD AVE	Street Address

County Dist	001 CINTI CORP-CINTI CSD-001110	Year Built	1888
School Dist	1 CINCINNATI CSD	Total Rooms	6
Land Use	510 Single family Dwlg	# of bedrooms	3
Finished Square Ft.	1267	Full Bathrooms	2
Lot Coverage	0.138	Half Bathrooms	0
Appraisal Area	WEST PRICE HILL 03700 WEST PRICE HILL		

[Details](#)

Property Information	Owner Information	Mail Information
WINFIELD AVE	Call 946-4015 if Incorrect	Call 946-
TX 120.16	EH POOLED 412 LP	EH POOLE
LOT 4 GABRIEL ZOLLERS	1901 W BRAKER LN	1901 W BR
	D200	CHANDLER
	CHANDLER, TX 75758 USA	

Board of Revision	No	Other Assessments	Yes
Partial Registration	No	Front Ft.	50.00
Homestead	No	Mkt Land Value	2,000
% / Stadium Credit	No	Cauv Value	0
Divided Property	No	Mkt Impr Value	520
Under Construction	No	Mkt Total Value	2,520
Enclosure	No	Total TIF Value	0
Effective Date	6/12/2012	Abated Value	0
Assessment #	35938	Exempt Value	0
Assessment Amount	\$2,640	<u>Taxes Paid</u>	\$0.00
Number of Parcels	1	(See Payments Tab For Details)	



Dusty Rhodes, Hamilton County Auditor

Search By Owner...

- Search By**
- Parcel ID
- Owner**
- Printable List
- Street Address
- Sales
- New
- Advanced Search
- Site Functions**
- Comments
- On~Line Help
- Home
- Auditor's Home

Current Owner	Parcel ID	Address
EH POOLED 212 LP	671-0019-0013-00	245 HARVEST LN
EH POOLED 412 LP	058-0003-0040-00	1915 CLARION AVE
EH POOLED 412 LP	178-0027-0066-00	720 GRAND AVE
EH POOLED 412 LP	179-0074-0285-00	1247 FIRST AVE
EH POOLED 412 LP	179-0075-0314-00	1019 WINFIELD AVE
EH POOLED 412 LP	203-0028-0186-00	1877 KNOX ST
EH POOLED 412 LP	206-0009-0025-00	2706 ORLAND AVE
EH POOLED 412 LP	224-0002-0007-00	2285 BALTIMORE AVE
EH POOLED 412 LP	224-0002-0033-00	2283 BALTIMORE AVE
EH POOLED 412 LP	245-0001-0064-00	8453 ANTHONY WAYNE AVE
EH POOLED 611 LP	651-0001-0101-00	2044 DALE RD
EH POOLED 612 LP	116-0003-0046-00	4664 MCNEIL AVE
EH POOLED 711 LP	065-0002-0084-00	3017 MELROSE AVE
EH POOLED 711 LP	176-0023-0092-00	896 BEECH AVE
EH POOLED 711 LP	178-0026-0011-00	540 ELBERON AVE

Search performed
 on 8/23/2012 2:21:05 PM
 with Owner = EH POOLED

Search Results 77 listing(s) found

Residential (77)

[Revise Criteria](#) [View Criteria](#) [Customize Grid](#) [Stats](#) Page 1 of 2

<input type="checkbox"/>	Listing #	Area	SIC	Address^	#	List/Sell \$	Rms	Bd	BA	Bsmt	FamRm	Garage Spaces	Gar Desc	Cooling Desc
<input type="checkbox"/>	1302845	W07	DH	4013 Andrews Ave		\$47,900	5	2	2 (1 1)	Full	Yes	1	Attached,Front	Window Unit
<input type="checkbox"/>	1304321	W04	CO	1766 Ashbrook Dr		\$14,900	6	3	1 (1 0)	Full	Yes	1	Attached	Window Unit
<input type="checkbox"/>	1309570	W01	SB	218 Bank Ave		\$27,950	6	2	2 (1 1)	Full	Yes	0	None	None
<input type="checkbox"/>	1292543	W12	HT	10686 Carolina Trace Rd		\$234,750	10	4	4 (3 1)	Full	Yes	2	Attached,Side	Central Air
<input type="checkbox"/>	1309660	W06	CH	1535 Cedar Ave		\$8,900	5	2	1 (1 0)	Full	No	0	None	None
<input type="checkbox"/>	1320938	W03	GD	344 Cleveland Ave		\$85,000	6	3	1 (1 0)	Full	No	0	Attached,Carport	None
<input type="checkbox"/>	1299326	E01	CI	459 Dayton St		\$7,900	9	5	2 (2 0)	Full	No	0	None	None
<input type="checkbox"/>	1307080	W07	DH	4262 Delryan Ave		\$62,900	6	3	1 (1 0)	None	Yes	2	Built in,Front	Central Air
<input type="checkbox"/>	1299413	E03	RE	2424 Dorian Dr		\$100,000	6	3	2 (1 1)	Full	Yes	1	Attached	Central Air
<input type="checkbox"/>	1294092	W07	DH	4927 Duebber Dr		\$44,900	5	3	1 (1 0)	Full	No	2	Detached	Central Air
<input type="checkbox"/>	1313575	E04	EE	3915 Dumont St		\$22,000	5	2	1 (1 0)	Full	Yes	0	None	None
<input type="checkbox"/>	1307959	W04	WW	2743 Faber Ave		\$14,900	7	4	1 (1 0)	Full	Yes	2	Detached,Rear,Oversized	None
<input type="checkbox"/>	1307731	E06	BA	5140 Florence Ave		\$38,000	5	3	1 (1 0)	None	No	0	None	Window Unit
<input type="checkbox"/>	1286088	W05	FM	1839 Forbus St		\$24,900	7	4	2 (2 0)	Partial	No	0	None	Central Air
<input type="checkbox"/>	1294076	E05	SI	3831 Gatewood Ln		\$89,900	7	3	3 (1 2)	Full	Yes	1	Attached	Central Air
<input type="checkbox"/>	1308132	E06	ML	61 Glendale Milford Rd		\$69,900	6	3	2 (2 0)	Full	Yes	0	None	Central Air
<input type="checkbox"/>	1324151	W06	ST	10773 Hamilton Ave		\$28,500	8	3	2 (2 0)	Full	Yes	1	Attached,Rear	Central Air

Summary



Parcel ID	Address	Index Order
0021-0077-00	1839 FORBUS ST	Street Address

Dist	001 CINTI CORP-CINTI CSD-001110
School Dist	1 CINCINNATI CSD
Use	500 Residential vacant land
Assessed Square Ft.	0
Age	0.089
Assessment Area	SOUTH FAIRMOUNT 03600 SOUTH FAIRMOUNT

Year Built	0
Total Rooms	0
# of bedrooms	0
Full Bathrooms	0
Half Bathrooms	0

Property Information

FORBUS ST
130
LOT 66 J F FORBUS 2ND

Owner Information

Call 946-4015 if Incorrect
RV HOLDINGS NINE LLC
1112 PRICE AVE
COLUMBIA, SC 29201 USA

Mail Information

Call 946-4015 if Incorrect
RV NINE HOLDINGS
1112 PRICE AVE
COLUMBIA, SC 29201 USA

Year of Revision	No
Legal Registration	No
Trust	No
Stadium Credit	No
Leased Property	No
Under Construction	No
Enclosure	No
Assessment Date	4/25/2012
Assessment #	33897
Assessment Amount	\$56,895
Number of Parcels	4

Other Assessments	Yes
Front Ft.	30.00
Mkt Land Value	630
Cauv Value	0
Mkt Impr Value	0
Mkt Total Value	630
Total TIF Value	0
Abated Value	0
Exempt Value	0
<u>Taxes Paid</u>	\$12.86
(See Payments Tab For Details)	



Dusty Rhodes, Hamilton County Auditor

Search By Owner...

- Search By**
- Parcel ID
- Owner**
- Printable List
- Street Address
- Sales
- New
- Advanced Search

Current Owner	Parcel ID	Address
RV HOLDINGS NINE LLC	060-0003-0046-00	839 RIDGEWAY AVE
RV HOLDINGS NINE LLC	179-0077-0110-00	4546 MIDLAND AVE
RV HOLDINGS NINE LLC	181-0004-0166-00	1980 SUNSET LN
RV HOLDINGS NINE LLC	204-0A15-0015-00	1629 MINION AVE
RV HOLDINGS NINE LLC	205-0021-0077-00	1839 FORBUS ST

*Search performed
on 8/23/2012 2:29:44 PM
with Owner = RV HOLDINGS*

- ### Site Functions
- Comments
 - On~Line Help
 - Home
 - Auditor's Home



Dusty Rhodes, Hamilton County Auditor

Search By Owner...

- Search By**
- Parcel ID
- Owner**
- Printable List
- Street Address
- Sales
- New
- Advanced Search

Current Owner	Parcel ID	Address
RV HOLDINGS NINE LLC	060-0003-0046-00	839 RIDGEWAY AVE
RV HOLDINGS NINE LLC	179-0077-0110-00	4546 MIDLAND AVE
RV HOLDINGS NINE LLC	181-0004-0166-00	1980 SUNSET LN
RV HOLDINGS NINE LLC	204-0A15-0015-00	1629 MINION AVE
RV HOLDINGS NINE LLC	205-0021-0077-00	1839 FORBUS ST

*Search performed
on 8/23/2012 2:29:44 PM
with Owner = RV HOLDINGS*

- ### Site Functions
- Comments
 - On~Line Help
 - Home
 - Auditor's Home

Bulk Sellers

- Opportunities
 - No emotional attachments
 - Pay less than “acquisition cost”
 - Ongoing relationships
 - Bigger discounts for buying several at once

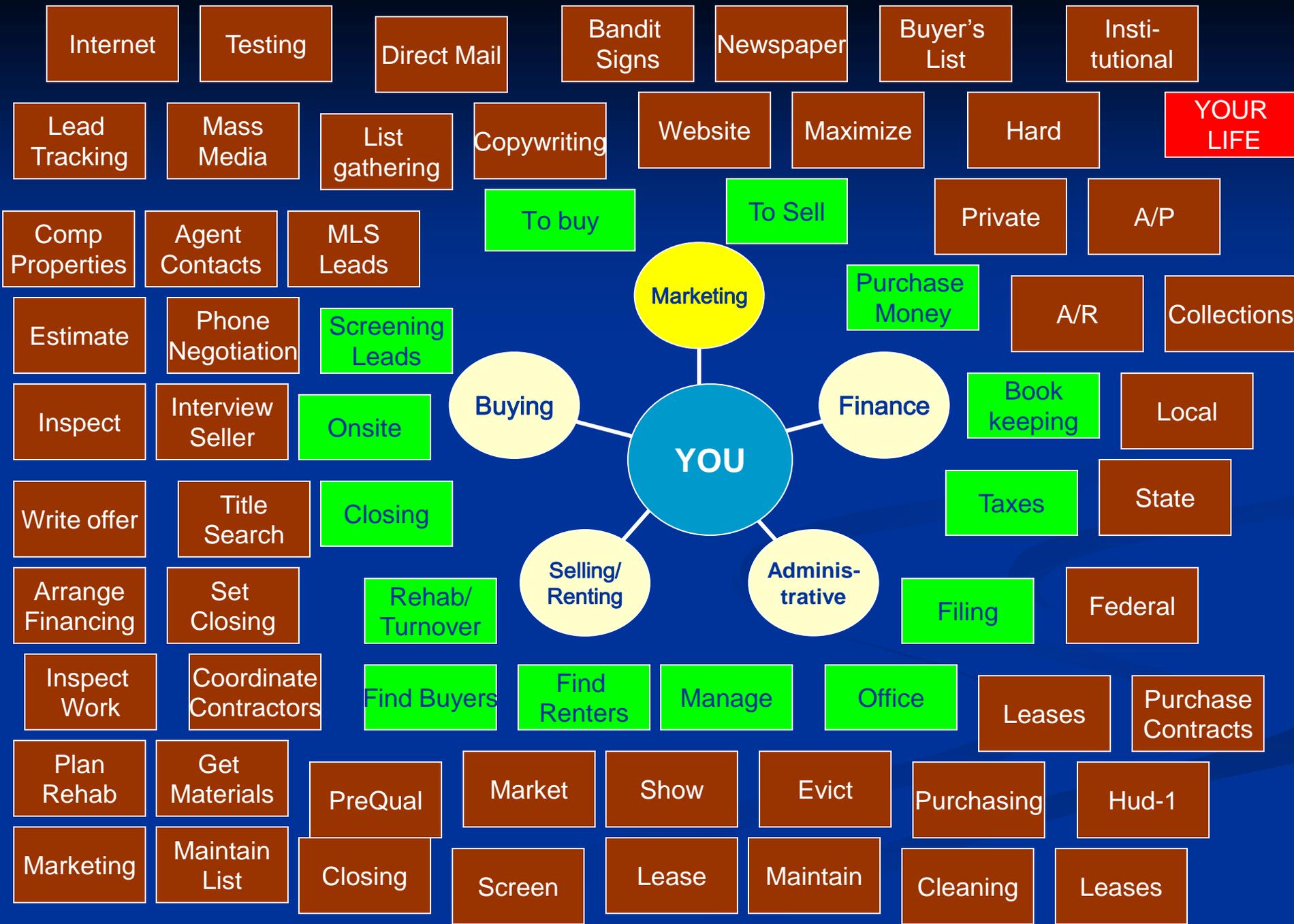
Bulk Sellers

■ CHALLENGES

- Quick funding
- Quit claim deeds
- Hardcore pitches
- Cowboy mentality

The RE-Myth

Or, how to stop striving for better discipline and start thinking like a business owner



4 Things that will **NOT** Fix This

1. Working Harder
2. Learning More Tactics
3. Better Time Management
4. Better software

The Only Solution is...

...STOP Thinking Like a Self-
Employed Person and START
Thinking Like a Business Owner

What My Business is

1. Real Estate

- Wholesaling
- Rentals
- Lease/Options and Land Contracts
- Apartment Building

2. Real Estate Education

Staffing

1. Wholesaling

- Partner—Drew 50% of net profits
 - Handles management and selling
- Acquisitions coordinator—Jenn \$12/hr, \$250 per closing
 - Handles marketing, initial evaluations, MLS offers, administration and closings

Staffing

2. General Office

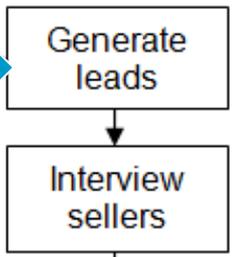
- Bookkeeper—Christy \$18/hr
- Staff Attorney—James—you don't even want to know
- Mailing girl
- Various VAs

So, You Ask...What Does Vena Do?

1. Strategic planning
2. Marketing
3. Fund raising
4. Buy-side communications with Jenn and most property inspections

VAs and Mailgirl,
supervised by Jenn

Note that these 2 activities are
actually happening simultaneously,
all the time



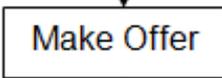
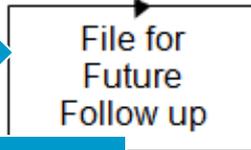
Jenn

Motivated?

Jenn & Vena



Jenn



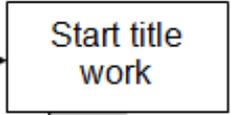
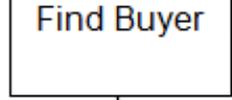
Jenn or Vena

Accepted?

Jenn or Vena



Drew



Jenn

Drew



How to Hire Others (when You're not ready for employees)

1. Go through the process a few times yourself
2. Figure out which part you want someone else to do
3. Write a system for them to do it
4. Figure out exactly what they'll need to implement the systems
 - I.e: an internet connection, a phone line, good spoken english, access to excel etc

How to Hire Others (when You're not ready for employees)

5. Go to Upwork.com
6. Set up an account
7. Post your job
8. Nap for a few hours
9. Pick from your applicants
10. Interview the best—get a result
11. Hire

Things VAs Can Do

- Develop mailing lists from public data sources
- Dedupe/normalize lists
- Run comps
- Run REI Blackbook
- Post on craigslist
- Create logos/letterhead/business cards
- Lots more

Top 5 Reasons not to Get a Partner

1. Most wholesaling partnerships are not “real” partnerships
2. You will not be happy with the partnership
3. You can't fire your partner
4. You don't need one
5. Because I said so.

Raising Money: the Why

- To do bulk deals
 - Tight closing times, possibly multiple properties
- To make “quick close” offers
 - Not usually necessary, but...
- To do “seller financed” deals with your buyers
 - You must HAVE financing to GIVE financing
- For that day when YOU want to be the buyer

Raising Money: How?

- From SELLERS, via creative finance
 - Individual sellers only—usually not individual represented sellers, never bank sellers
 - Multiple strategies:
 - Seller-held mortgages on paid off properties
 - Buying “subject to” when the property has a mortgage

Why Seller Finance Deals Rock

- 8 room 5 br 1 ½ bath brick
- 1 car detached garage
- ARV \$60,000
- Market rent \$900/mo
- Repairs \$30,000



Seller Finance Example

- Seller was a burnt-out landlord
- Terminally ill
- Did not want wife to have to deal with property
- House had been on the market for \leq 1 year
- STUCK on \$12,000



Why Seller Finance Deals Rock

Normal ARV Calculation:

\$60,000

X .7

\$42,000

-\$30,000

\$12,000 Sale price



Seller Finance Example

- Offer:
 - \$12,000
 - \$200/mo for 60 months
 - 1st 5 payments made at closing
 - 1st regular payment due in 6 months
 - Mortgage & note



Seller Finance Example

- Sold for:
 - \$17,900
 - \$6,900 down
 - \$233.72/mo for 60 months
 - 10% interest
 - 1st pmt due month 1
 - Land contract



Buy vs. Sell

	Bought for	Sold for	Profit
Purchase price	\$12,000	\$17,900	\$5,900
Down payment	0	\$6,900	
Payment	\$200	\$233.33	\$33.33 x60=\$1,999.80
Total			\$7,899.80

Raising Money

From Where?

- INDIVIDUALS with money
 - In their IRAs
 - In their investment accounts

Private Loans

How they work

- One lender makes one loan on one property
- Receives an interest rate, usually paid monthly
- Gets a mortgage or deed in trust to back the loan
- Is paid back when you sell the property

Private Loans

- Private loan PROS:
 - Easily understood by the lender and the borrower
 - Short-term investment for lender

Private Loans

- Private loan CONS:
 - You MUST give the money back when you sell, which may mean it's not there when you want it again
 - “Gaps” in return for the investor
 - Checks going out while no money is coming in?
 - LEGALLY IFFY
 - Check state requirements—state lines issue
 - Disclose
 - Choose lenders carefully

Partnerships

- Money person does NOT get interest, gets a non-guaranteed return based on profitability
- Generally paid at the end of the deal
- Good for bulk packages
- Good for any deal where making payments is not desirable

Partnership Example:

Cincinnati Bulk Package—11 properties

- Acquisition costs (total) \$182,000
- Sale price (total) \$240,000
- Profit: \$58,000

Partnership Example:

Cincinnati Bulk Package

- Formed an new LLC—Cincinnati Property Partners
- TWO partners at \$91,000 each + Vena
- Each Partner 25%, Vena 50%
- Partners provided cash to CPP, LLC
- CPP closed the package
- Vena did all disposition etc

Partnership Example:

Outcome:

- Buyer paid \$240,000 over 8 months
- PLUS rent of up to \$3,200/mo
- Total profit: \$71,000
- \$17,750 to each partner (19.5%, 29% annualized)
- \$35,500 to me

Partnerships

- Partnership pros:
 - Good for bulk packages where per-deal profits are unknown
 - No payments
 - No guaranteed returns

Partnerships

- Partnership cons:
 - Must set partner expectations very carefully—underpromise
 - Give up more of the profits
 - “State lines” issue

Raising Money

How?

- Networking—friends and family
 - Don't forget
- Advertising—probably not
- *Crowdfunding? We'll see...*

Mind BLOWN:

How to Earn Cash by Providing
Financing

The Basic Concept...

- You can sell wholesale deals for more money if you can finance them to your buyer
- Thus, you can
 - Offer slightly more, when necessary
 - Work with more buyers
 - Make more from each deal

The Basic Concept...

- But most wholesalers don't want to/can't do this because
 - They don't know how to raise money to close deals
 - They want/need CASH, not payments

The Basic Concept...

- IF THAT'S YOU...
 - Sell the property with financing, then sell the financing

How it Works in Real Life

- Motivated seller of a nearly rent-ready 3 bedroom in a border zone area
- Asking price: \$20,000
- Would rent for: \$700/mo



How it Works in Real Life

- Offer: \$15,000 cash
- \$100 earnest money
- Balance in cash at closing



Where to get the other \$14,900?

- Private lender
- 8% interest
- 5 year fully amortizing
- Payment \$304.15/mo

Step 2: sell the deal

- Before the closing, I brought the deal to my investment association
- I offered to FINANCE it to a landlord under these terms:
 - \$26,500 sale price
 - \$5,300 down
 - Wrap-around mortgage of \$21,200
 - Payments of \$450.44 for 5 years
 - 10% interest

So far, so good

	Buy	Sell	Net profit
Downpayment	\$100	\$5300	\$5200
Monthly payment	\$304.15	\$450.44	\$146.29/mo x 60 mos =\$8,777.40
Debt	\$15,000	\$21,300	\$6300
Total net profit		Cash, income, and equity for 5 years	\$20,277.40

Step 3: sell the debt

Who buys mortgages?

- Passive investors who want to own a payment stream, not a property
- People who want a higher consistent return than they can get in other “fixed rate” investments
- In other words, the same people who want to be your private lenders

Step 3: sell the debt

- Presented this deal to the members of my local REIA:
 - I have a performing note for sale with an unpaid balance of \$20,830
 - The buyer put 25% down and has a 780 credit score
 - I will sell at a 12% return
 - You'll need to pay \$18,850 investment
 - Sold immediately—to someone's IRA!

You traded what for what?

- I traded \$6,530 in equity + \$147/mo in cash flow for \$4,550 in cash
 - \$18,850 note sale price
 - Less \$14,300 payoff to private lender
- WHY?
- Because this was an IRA deal, and my goal was to get more cash to do deals, not long-term income

So when the dust settled...

	Buy	Sell	Net profit
Downpayment	\$100	\$5300	\$5200
Monthly payment	\$304.15	\$450.44	\$146.29/mo x 6 mos =\$877.74
Sale of mortgage	\$14,300	\$18,850	\$4,550
Total net profit		All cash	\$10,557.74

So in summary...

- You don't NEED money to wholesale
- You don't NEED to understand owner financing to wholesale
- But HAVING this things allows you to:
 - Do deals that don't otherwise make sense
 - Deal with big packages
 - Sell for more money
 - Create passive income

What to Do Monday
to build your successful
wholesaling business

The big picture

Learn to
do it



Do it

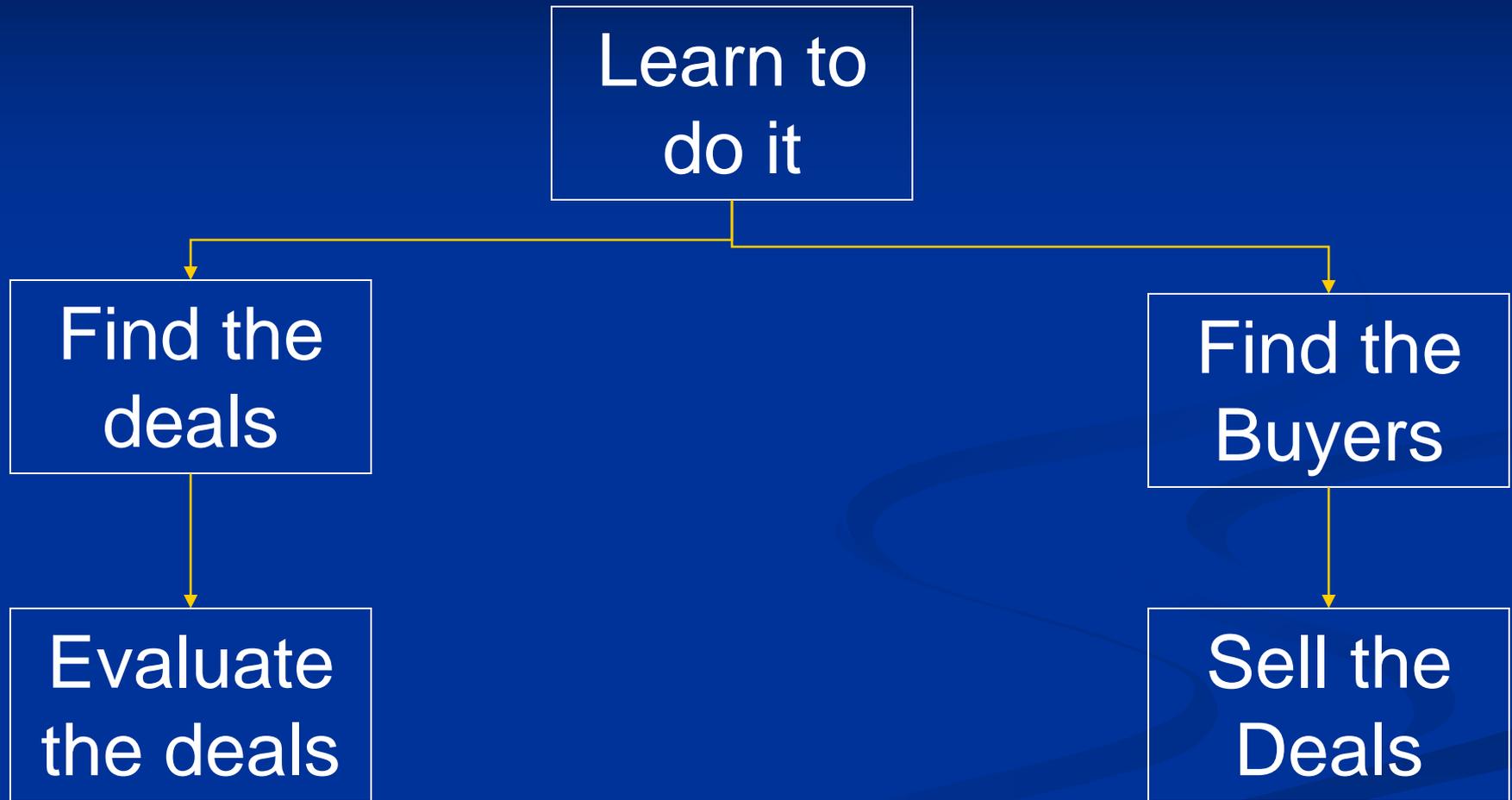


Systemize
it



Passivize
it

The immediate picture



So what you do is...

1. Get some rest
2. Make a plan for:
 - What marketing you will start using immediately
 - How your phone will be answered
3. Implement marketing
4. Practice using phone interview form

So what you do is...

5. STOP hanging out with negative nellyes,
START networking with positive people
6. Meanwhile, review and review and review
7. Use your mentoring, if you have it

Traps to Avoid...

- Trying to have “everything in place” before you do anything about building your buyer’s list/finding deals
- Taking it more than one step at a time
- Doing lots of stuff without actually being productive
- Listening to people who aren’t making more money than you are

Traps to Avoid...

- Waiting until the time is right
- Not doing something EVERY DAY