Chapter One
The Fundamentals of wholesaling

What You'll Learn in This Chapter

1. Why so few people who are 'trying to wholesale' are legit competition for you
2. How real estate wholesaling relates to the larger real estate investing world, and why you get paid so well to do it
3. Why wholesalers are not "real estate agents"
4. Why wholesaling is a business, not "investing"
5. Your 2 types of customers
6. How you get paid
7. What to do as the market 'cycles' from seller's to buyer's and back
8. How much you'll get paid, in the next 3 months and over a lifetime
9. The 6 steps to making a wholesale deal
10. Why it's worth staying the course
11. What to say to the B.S. you'll hear about wholesaling in the market
12. What will REALLY stop you from being crazy-successful

Why You Should Really Work to Understand the Fundamentals of Wholesaling (For the Good of the Whole Industry)

I have no idea what you've heard about wholesaling up to this point in your life.

But if I were a betting person[1], I'd bet that it's something like, "It's easy and completely risk-free," or, "There's nothing you really have to know," or "It's finding houses, and then finding someone who will pay you more, and getting out of the contract if you can't sell them."

Those beliefs are all dead wrong. And yet a lot of people who are "trying to wholesale" believe them.

There's a reason that wholesaling is both the most pursued and the most misunderstood strategy in real estate investing, and that has to do with how the real estate EDUCATION industry works today.

As you may be aware, there are dozens of large, nationwide 'training companies' (or as I call them, "education mills," because their strategy is to throw as many people as possible into the top of their funnel, grind them up, and spit them out much, much poorer than they were to start with), with complex marketing funnels that usually start with a 'free preview' (that promises gifts ranging from smart watches to tablets just for showing up), move on to a cheap-ish weekend seminar, and culminate in a

[1] *Who am I kidding? I'm totally a betting person, and if I could figure out how to bet that most people's ideas about how wholesaling works are partly or totally wrong, I'd be a billionaire.*

"take it or you'll die broke and alone" pitch for a $30,000-$70,000 package of seminars, software, and 'mentoring'.[2]

And if you're going to try to sell people on a training package that costs as much as a cheap rental in some parts of the country, the best way to do that is to convince them that they can earn it all back and then some in just a few short months, no matter who they are or what they bother to do.

And the best way to do THAT is to convince your future victims that there's a strategy out there that requires very little knowledge, effort, or skill to implement.

That's exactly what these companies—which have the largest footprint in the minds of the public—tell people.

Let's be clear: they have no real stake in making the real estate business better, more professional, or more ethical: the companies themselves, for the most part, aren't IN the real estate business[3].

It matters very little to them whether their students are making good deals or bad ones or none at all; whether they're a blessing to the communities in which they work or a curse; whether the overall reputation of real estate entrepreneurs in general and wholesalers in particular is positive or negative; whether legislators observe the abuses of badly-trained or unethical wholesalers and write up laws to curb their practices or not.

The business model of these companies—like that of Apple and Costco and General Motors and every other company—is to take as much money out of every wallet that comes within their reach, as the customer has, and will let go of.

It's NOT to make good wholesalers, or successful wholesalers. If that happens, it's a side effect of the real business model, which is sell lots of training to lots of people.[4]

So, what's the outcome of the constant message that wholesaling is risk-free, requires no broader market knowledge, can be done by any idiot with access to Zillow and some contracts, and is a 'hustle' rather than a real job or business?

The result is exactly what we've experienced over the last few years: a LOT of people in the wholesaling field who want to make lots of money with little knowledge, little effort, no risk, and inadequate resources.

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[2] *And guess what? I actually have no problem with that at all. They're selling a legal product to grown up people who clearly have the money or credit to buy it, and who have every right to spend or waste their money or credit as they see fit.*

[3] *Except in that, if you haven't run out of money by the time you're finished with your 'training', they'll also expose you to high-pressure sales of 'turn key rentals' in markets you don't understand—but they, typically, don't actually create those rentals, they just get a commission when other people sell them.*

[4] *OK, so my S.O. points out that I'm really describing the very worst of the 'education mill' operators, and that there are gradations within that business as there are in any business. Some have the sense to at least give lip service to the idea that successful students are good for THEIR business, both because they can spend more money with the company and because they give good testimonials, which attract more students. Some probably even believe it.*

And people like that do damage.

They compromise the reputation of the entire wholesaling industry, by convincing the buyers who look at (or worse yet, buy) their deals that wholesalers don't know how to evaluate properties, or lie about numbers, or "take all the profit out of the deal."

They mess with the lives of already-vulnerable sellers by promising things they can't do, like to get a deal closed when they've contracted to buy it at twice what any intelligent buyer would pay.

They attract the attention of regulators, and then, when asked what they do by said regulators, answer, "I get paid for putting buyers and sellers together"—which is, of course, both an incorrect statement and something that you'd better have a real estate license if you want to do.

And need I add that, unless they figure out that they NEED more of an understanding of what buyers want, and what to offer sellers, and what role they actually play in the bigger world of real estate investing, they also don't have a snowflake's chance of building a real, sustainable, consistently profitable business that continues to generate money even when the market is hot, even when the market is cold, even when the market is dead, as it theoretically was in 2009.[5]

If the education industry would STOP telling people that they don't even have to understand the fundamentals of the wholesaling business in order to wholesale, the wholesaling world would be better. More educated. More professional. More 'right' with offers and offerings more of the time. More prosperous.

But they aren't going to do that anytime soon, so it's up to YOU to make sure you're not just another "tryin' to wholesale" alligator in the swamp of unclosed deals, unearned profits, and unfulfilled dreams that most of these folks live in.

The very most basic questions you need to be able to confidently, correctly answer in order to start your journey toward successful wholesaling (or any other strategy, for that matter), include:

- What do wholesalers even DO? What place do they fill in the bigger real estate world, and why do they get paid to do that? What's the SERVICE?
- Who are my customers?
- What are the psychographics of my customers? What do I offer that makes it attractive for them to do business with me? What are their goals in regards to our transactions?
- What are the best/most effective ways to reach these customers?
- What is my real product? What, exactly, am I handing over to them in return for money?
- What kinds of properties, and neighborhoods, and conditions make the best targets for my deal-finding efforts? In other words, which sell best?
- What does the process of a deal look like? What are the steps and decision points? Can I draw a picture of it?
- How long should I expect each deal to "last"?
- How much should I expect to make on each deal?

[5] *A year in which I wholesaled more than 40 houses.*

- What contracts will I need to make a deal work, from end to end?
- Are there any PEOPLE that I'll need, other than my customers?
- Are there any laws or regulations I need to be concerned about?
- What are the most common ways in which wholesale deals 'go wrong', and what's the workaround/mitigation/fix to those?

I know you're super-anxious to get on to the part where you find deals and get a check, but it might be fun to test your current knowledge about these fundamentals before reading on; you can test again at the end of the course to see how far you've come.

If you'll bother to do what your so-called 'competitors' won't—understand your business, get skilled in the parts of it that you need to be skilled in, and do the work that needs to be done—you'll succeed where so many of them fail.

What "Wholesalers" Do.

At the risk of sounding like every boring presenter starting every boring corporate meeting you've ever attended, let me say:

Webster's Dictionary defines a wholesaler as, *"A merchant middleman who sells chiefly to retailers, other merchants, or industrial, institutional, and commercial users mainly for resale or business use."*

Wholesalers, as you probably know, are a common (and well-paid, and appreciated) player in most businesses.

They fill a specific, important role: getting products from the producers to the businesses that WORK WITH the end users.

It's really not practical for most producers of most products to sell directly to the people who use those products; you can't go to the dairy farm every time you want some milk to go with your cookies.

Not only would this arrangement force you to waste time and mental energy and gasoline gathering up a list of dairy farmers to patronize; it also takes the farmers away from what they do best—producing milk—to bottle that milk, advertise it, and deal with the constant stream of thirsty customers looking to buy a single gallon of their product.

And, anyway, why should the farmer figure out how to service hundreds of individual milk-drinkers, when there's an entire industry that excels at serving people who have money to spend on drinkables?

Grocery stores literally exist for the purpose of dealing with milk-drinkers, and salad-eaters, and bacon fans, and all the other people who like to consume what farmers make. Grocery stores are convenient, because they carry all of your cookie accompaniments, AND the cookies, under one roof. They're efficient because the owners focus all their hiring, stocking, and marketing systems on providing what the shopper wants. And they're profitable because they sell something that everyone needs—food.

But, as you probably know, that glass of milk on your table does not travel directly from the farm to the dairy case of your local Mega-Lo-Mart.

If it did, the <u>producer</u> (the guy who owns the cows) and the <u>retailer</u> (the grocery store owner) would need to be in direct negotiation all the time, and neither is really set up to do that. Think about it; if the grocery store owner had to go directly to the farmer to buy milk, he'd have to pay attention to which farmer was selling cheapest, which one was retiring, which one was losing his cattle to the bank, and so on and so on, and so on—because if the grocery store owner can't get milk this week, you go to a different store, and the grocer might lose your business forever.

So both the producer and the retailer depend on yet another person to allow them to concentrate on what they do best and yet still get the milk from udder to table—<u>the wholesaler</u>.

The wholesaler makes it his business to negotiate (getting the lowest price he can from the farmer and charging the highest price he can the store), to keep the supply flowing (if farmer Brown can't or won't deliver this week, the wholesaler has dozens of others to whom he can turn), to make sure the product is what the retailer wants (he's not going to deliver goat's milk if the store has asked for cow's milk, no matter how badly the farmer wants to sell his goat's milk!), and to get the product from its source and deliver it to its destination.

For those who don't understand the role of the wholesaler in such a transaction, the question often arises—"*What value does the wholesaler add to this transaction?*"

In other words—**WHY should the wholesaler get paid,** when he doesn't produce, pasteurize, sterilize or bottle the milk, nor does he sell milk to milk drinkers?

The answer is simple: the wholesaler makes the transaction between the producer and the retailer so much simpler that they're both willing to deal with the fact that they're effectively paying a 'fee' to have him coordinate the transaction.

What <u>Real Estate</u> Wholesalers Do.

Real estate wholesalers aren't exactly analogous to wholesalers in other businesses, but they ARE similar enough that the name was adopted decades ago, and has stuck.

Unlike wholesalers in other businesses, who tend to deal in bulk product on both the buy and sell sides of the transaction, real estate wholesalers don't (usually) buy 100 houses in a package at a discount, then sell all 100 to the same buyer.

Unlike wholesalers in SOME other businesses, real estate wholesalers also don't normally 'take delivery' of the product that's the subject of their efforts—a property. Instead, like wholesalers in certain fields, we deal in CONTRACTS on the product, not the product itself.

But otherwise, the analogy, and thus the name, holds up:

- We source deals from providers—in this case, motivated sellers—and negotiate a deal for the purchase.

- We sell those deals—as represented by the contracts—not to end users, but to businesses that make them ready for, and then provide them to, those end users (who are, in this case, renters or homeowners who intend to actually live in the property in question)

Why Wholesalers Make So Much Money

No matter what the sales pitches you've heard might say about getting rich in wholesaling without effort or risk, a real wholesaler DOES put a lot of work into becoming trained and into doing what it takes to get deals done.

As in any other business, it's a learned skill to know what a good deal looks like, how to estimate repair costs, how to find 'suppliers' (in our case, owners of ugly and unwanted properties), to do the negotiation to contract to buy those properties, to arrange due diligence like title searches, finding an interested buyer, and, one way or another, getting the deal to a successful closing.

<u>Every real estate deal, no matter what the exit strategy, requires this acquisition work</u>. It doesn't matter whether buyer intends to fix and flip, fix and keep, or fix and lease/option—the deal has to be found, negotiated, contracted, the due diligence completed, and so on.

The thing is, this is the PART of the work of a completed investment deal that a lot of actual real estate investors don't like, and it's because it's the part that is the least "certain."

Think about it: what comes AFTER finding the deal is a whole lot more of a sure thing than what comes before. Once you buy a deal, it's a pretty sure thing that you can get it rehabbed, and that you can get it rented or sold.

But to get the deal in the first place, there's a lot of uncertainty in the sense that you'll probably have to talk to a lot of sellers, and make a lot of offers, to get the right property at the right price. If we're being realistic, the ratio of (even 'soft') offers to acceptances is 20 to 1—and that's only if you talk to 20 people who actually have a problem, not just a property.

That part of it—the finding of the potentially motivated sellers, and the evaluating of their properties, and the making of offer after offer that you KNOW is less than the seller actually wants, and the multiple no's that are part of every good wholesaler's week—is a part that a lot of real estate investors would just as soon skip, and get right to the part where they just buy a house already.

What you do as a wholesaler—the service that you provide, that your buyers are willing to pay for—is the service of doing the part that so many don't like, or don't have time for, or just plain suck at.

You take the entire acquisition process, right up to the point of just writing a check, off the back of your buyers. The marketing, the sorting of the motivated wheat from the unmotivated chaff, the offer writing, even the getting of the title work.

The buyer takes NO risk in this process. He pays for nothing, he commits to nothing (until the moment when he decides he has to have the deal you've put together, and signs an agreement that says he'll take on ALL the risk and expense from that point forward), he doesn't even know that a deal is being worked on until it's already tied up.

And that set of skills and type of work is very, very valuable in the real estate investing marketplace. How do you know that? Because good wholesalers, who know what to do and what to focus on and how to not spin their wheels, make more money for each hour they work than any other specialist in the real estate investing industry.

Oh, sure, your retail buyer will net 3 to 5 times what you do on an average deal you sell him; but he's spending 10x the amount of time on it. Your landlord buyer will get cash flow and appreciation for YEARS, but also spends years doing it.

From the perspective of your best buyers, it doesn't matter whether you make $10 or $1,000 or $10,000 or $100,000 selling a deal to them. What matters is what HE makes from the deal you sell to him. That's because he values your skill set and your work. But it's more because he's greedy, and wants to make money, and you provide deals that make him money.

Real Estate Wholesalers Aren't Real Estate Agents…

There's some controversy, mostly created and maintained by real estate agents and their protectors, the State Divisions of Real Estate, over whether wholesaling is really just acting as an agent without a license.

Agents and regulators see what you do[6], and they say, "All that happened there is that she got paid a commission for selling owner A's property to buyer B, and you can't do that without a real estate license!"

But wholesaling, done right, is fundamentally different than being an agent in one super-important way: you're not doing it 'for' or 'on behalf of' another person.

See, the whole reason that real estate agents need to be licensed is that they are AGENTS, in the strict, legal sense of that term. They stand in the stead of their client, representing and working for his best interests. They're supposed to do everything (within the bounds of the law) to get their buyer or seller what he wants, and nothing to damage their client's ability to get what he wants.

It's a pretty serious responsibility to stand in the stead of your principal, and it's obviously a position that could be abused by an agent.

Since the agent handles all offers, all the marketing, and most of the negotiation, the opportunities for an agent to take advantage of his client are endless. Absent all of these laws and codes about agency, he could hide the fact that a desirable property was even for sale, except from his brother-in-law, and then tell the seller that the relative's offer is the only offer and that the seller better take it, despite it being a lower-than-market offer. A broke agent could encourage a seller to take a first offer without

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[6] *And, sadly, sometimes what you SAY. One of the best reasons to understand the fundamentals of wholesaling is that when you actually KNOW what you do, you don't say things to regulators like, "No, I'm not an agent, I just sell other people's properties for a profit" or, "No, I'm not an agent, I find out what buyers want and I go find them a property and they pay me". Not only are those things not factually true if you're doing this right, they are BOTH acting as an agent.*

countering, to assure the agent got a paycheck fast, rather than telling the seller to hold out for more money.

Agents are supposed to represent their clients. That's what they're hired to do. They're not just (supposed to be) salespeople who put buyers and seller together and get commissions. For this reason, they are FIDUCIARIES who are held to a legal standard that includes the duties of obedience, loyalty, disclosure, confidentiality, accounting, and reasonable care.

Does this sound less and less like what wholesalers do?

Have you figured out why, yet?

It's because wholesalers don't, and don't claim to, act on behalf of the buyer or the seller in a wholesale transaction.

It's not your job, or your goal, to get your seller the best price he can get for his property. In fact, he's not "your" seller at all, at least not in the same sense that an agent would say "my seller". He's a guy on the other side of a negotiation: you're a principal trying to get the best price you can, and he's a principal trying to get the best price he can. If he feels like he needs help on his side, he can hire an agent to negotiate for him, and he can pay that agent.

On the flip side, you don't try to get the final buyer in a wholesale transaction the best possible deal, either. You try to sell to him for the top price that the deal will reasonably bring. You, not the seller, name that price. Your buyer (who, again, is only 'yours' in the sense that he's your counterpart in negotiation) will often negotiate against you, trying to get a better price for himself.

In a wholesale deal, as a wholesaler, you act on your own behalf and on no one else's.

You literally don't morally, ethically, or legally owe the other 2 people in the deal any 'duty', any more than you'd owe something to a guy you were buying a used car from, or one that you were selling a puppy to. Don't lie, don't misrepresent that the pug is actually a beagle, and do what you've promised to do, obviously…but you don't, and shouldn't even hint that, you're somehow acting in the best interest of either the buyer or the seller.

As you can see, there's no capital-A agency in a (correctly done) wholesale deal. But what about all the people with all the arguments on all the online for a that say that THEIR state law[7] forbids "Buying, selling, leasing, negotiating, etc. etc. real estate for pay" without a real estate license?

They're all correct. But they're missing a key phrase in all those laws—and that phrase is "for another".

You're not doing it "for another". You're not even selling a property (unless you happen to close on it first). You're selling a contract, that has your name on the bottom, that's YOUR contract, and you're doing it for you.

[7] It's actually every state law.

Do you have to have a real estate license to sell your own house? No, because you're a principal and you're allowed to represent yourself. Do you have to have one to sell your own contract? Not according to my attorneys.

It is possible to perform specific acts under the guise of wholesaling that are, in fact, getting paid to act as an agent without a license.

For instance, you can "take orders" from buyers, and "bird dog" properties for them for a commission, never actually negotiating or contracting for them yourself. You can market deals you don't actually have under contract. You can say things to buyers and sellers that imply some sort of agency relationship of fiduciary duty (Like, "I'll find you the deal you want"). You can do what's commonly called "co-wholesaling" or "wholesaling JVs", which getting paid to bring a buyer to someone else's deal. And there are probably a million other examples of crossing the line into actually acting "for another".

But none of what I just described is wholesaling, at last as I define it. So don't do them, and in all likelihood, you won't have a problem.[8]

If, in spite of this, all the chatter on the internet about how you HAVE to have a real estate license or you'll be fined $100,000 and spend 6 months in prison for wholesaling scares you so much that you're frozen in place and can't wholesale, you've got a couple of options other than 'don't wholesale'.

The first is to go ahead and get a real estate license.[9] But understand that the wholesaling business is completely different than the real estate agency business, and that having a real estate license doesn't actually make you a licensed wholesaler.

If the idea of giving in to a government that increasingly wants to control every aspect of your day to day life bothers you, your second option is to close your deals before you sell them, and a huge industry has sprung up to help you do that. Hard money lenders, transactional funders, and even private lenders can fund the purchase for you for a fee. This costs money, and we'll talk about that in the closing chapter, but at least no one will ever accuse you of doing a real estate deal on someone else's behalf.

…Or Even Real Estate Investors.

Wholesalers belong to Real Estate Investor Associations along with all the other members who aren't really real estate investors, but who call themselves that out of habit.

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[8] *If you DO have an issue with your state's division of real estate—for instance, getting one of the pseudo cease-and-desist letters they sometimes send, that effectively say "We think you might be doing something that needs a license, and if you are, we order you to stop", or getting a request for your records, please do NOT deal with it by yourself. According to my attorney, these regulators are literally permitted to lie to you, entrap you, and still use the information they gather against you. Contact me, and I'll try to get you in touch with a lawyer who can actually defend you against your government.*

[9] *But first, check the provenance of that statement. You might want to take the advice of someone who's trying to convince you that wholesaling is a felony with a grain of salt, if that person is also trying to sell you a course on how to avoid said felony by following exclusive systems that only he has.*

Since you're determined to actually understand wholesaling, you should know why calling yourself a real estate investor is just plain incorrect.

A real estate "investor" is someone who puts money into an asset, and makes money FROM that asset, without additional input of time or work.[10]

In "real estate investing," properties are treated as long-term assets that continue to generate income and equity over time; a single rental property produces cashflow year in and year out, while the tenants pay off the mortgage and thus increase the equity.

In wholesaling, on the other hand, real estate is treated as business inventory to be sold for a profit immediately. In fact, since a smart wholesaler avoids taking title to properties at all, the idea that we're real estate investors is sort of ludicrous.

What we are, at best, is real estate entrepreneurs—people who "organize, manage, and assume the risks of a business or enterprise".

I say "at best", because as long as we're doing all of the things required to actually "do" deals, what we really are is self-employed people with really good, really high-paying jobs. And while wholesaling is a job that you may like better than the one you have right now, the downside is that your wholesaling success will be largely dependent on how much time and energy you, personally, would like to devote to the activities necessary to do deals.[11]

The cash generated by wholesaling can (and should) certainly be turned into more passive investments, but wholesaling is definitely not a passive operation. The mature stage of a wholesaling business occurs when it can operate without the constant input of time and energy from you, its owner—but the first stage is for you, its owner, to learn how to do the work of the business yourself.

We Have 2 Kinds of "Customers"

The entire real estate 'business' (and by that, I mean the investment side and the entrepreneurial side) is a unusual relative to other businesses, in that we have to seek out both the users of our products (buyers, renters) AND the providers (sellers).

Most other businesses don't expend nearly the energy we do marketing for INVENTORY, a statement borne out by the fact that you've never seen a bandit sign outside a Starbucks proclaiming, "We Buy Coffee Beans, All Cash, Quick Close."

We'll deal in detail with what these various customers want, and their demo- and psychographics in

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[10] *Which begs the question, "Is ANY so-called small residential real estate investor truly an 'investor'?" Strictly speaking, only those people who put their money into other people's real estate, such as private lenders, note buyers, and REIT owners meet this definition. The rental property owner who deals with tenants and unplugs toilets is certainly NOT an investor in the most accurate sense of the word!*

[11] *I also wrote a course about how to transition from real estate job to real estate BUSINESS owner. If you don't already have it, it's called "The Real Estate Goddess's Guide to Building a Wholesaling Business", and it's available at www.REGoddess.com*

later chapters, but the recognition that the customers on the opposing sides of our business become more and less motivated to sell/buy in opposition to each other (there are more desperate sellers when there are fewer buyers and more desperate buyers when there are fewer sellers) is important to your understanding that, no matter what's happening in the "real estate cycle", there's money to be made wholesaling.

Sellers Don't Necessarily Net a Lot Less, And Buyers Don't Pay a Lot More, When They Work with You

While we're talking about foundational wholesaling knowledge, here's one that you might not have considered: even though your job is to negotiate rock-bottom prices on real estate, it doesn't necessarily follow that the kinds of sellers you work with take a lot MORE of a haircut by accepting our offer than by waiting for a better one.

Keep in mind that your typical seller has a property that's not super-desirable to the bigger market; it's usually in poor shape and sometimes in a neighborhood where only renters live.

Even so, a seller who really wants to get rid of a piece of real estate has a lot of options about how to go about doing that, from hiring a real estate agent to put the property on the market, to plastering the internet with ads about it, to putting a sign in the yard. The problem is, all of these things cost money, ranging from $20 for a yard sign to 6% (or more) of the ultimate sale price for an agent's commission.

More importantly, they all take TIME—and, where it comes to owning a vacant, ugly property, more time equals more EXPENSE.

Let's imagine for a moment that a seller owns a single-family home that he inherited.

It's worth $250,000 in fixed-up condition, but needs $50,000 in repairs and upgrades in order to sell for $250,000.

His BEST option isn't to sell it to you or to any other bargain-hunting investor; it's to do the $50k in work and sell for top dollar. So why would he not do that? Well, if he's a good seller for YOU, he probably doesn't have the money or connections to get the work done. In fact, he may not even have the spare cash to make the $2,000/mo mortgage, tax, and insurance payments. That's why he makes up his mind to sell the property cheap and be done with it.

His next best option, since he's already made the decision to sell "as is", is to list the property with a real estate agent, who will put it in MLS and thus expose it to the largest possible audience. But let's be clear: a property that needs $50,000 in work is going to sell to a real estate investor rather than a homeowner. The percentage of homeowners who have the desire and the cash to deal with this level of rehab—no matter WHAT the purchase price—is so tiny that finding one is somewhat akin to winning the lottery.

Because it's going to sell to a real estate investor, it's going to sell at a certain discount. The most common formula that a typical rehabber would look to pay to fix and flip this house would be.:

$250,000 (ARV)
X .7
$175,000
-$50,000 (repairs)
$125,000 purchase price

Let's assume that this seller is lucky enough to be selling at a point in the market when properties are moving pretty quickly, and at the right time of year. In that case, it can be 2-3 months from the day the property goes onto the market until it actually closes (NOT goes 'pending', which is what "Days on Market" measures). When the property sells, the seller receives:

$125,000 sale price
-$7,500 (6% commission to agent)
-$6,000 (payments made during the 3 months the property was on the market)
$111,500 (less normal closing costs, tax prorations etc)

If, on the other hand, he's lucky enough to find a really competent wholesaler with a great, responsive buyer's list and closes in 30 days, instead, his net will be:

$250,000 (ARV)
X .7
$175,000
-$50,000 (repairs)
$125,000 YOUR sale price to the investor buyer
-$10,000 profit for you
$115,000 offer to seller
- $ 2,000 (payment made for the one month before closing)
$113,000 to the seller (less normal closing costs, tax prorations etc.)

In this example, the seller is actually slightly better off contracting to sell to you than via an agent, EVEN THOUGH you earned more as a wholesale fee than the agents involved in the first deal made in commission.

This won't always be the case: a seller with a paid off property won't lose anything to monthly payments, for instance.

But because you move faster with these kinds of properties, and because your buyers don't get financing that they expect the sellers to partly pay for, and because you get the offer right the first time so that there aren't time-wasting rounds of renegotiation, and because your buyers truly do buy "as is" and don't have "just a few things" for the seller to fix before closing, you are literally the best option for the particular kind of seller (motivated, with a property that needs work) that you should be targeting.

And your buyer? He pays exactly what he would have been willing to pay for the deal no matter how it was acquired or who got paid for it—only without the expense and hassle of sending out the mailings, doing the negotiation, etc. You make $10,000 for your efforts in marketing to and finding the seller, and in building the list of buyers in the first place.

In other words, everybody wins.[12]

How You'll Get Paid

I've given perhaps 300 lectures on wholesaling over years, and I'm STILL surprised by the question I've gotten perhaps 300 times: "*Ok, but what's my commission for each deal*?"

Commissions are things that salespeople make, from their client or boss, for selling products that they don't own. You know, like real estate agents. Who earn 6% on the sale of a $500,000 house whether the seller paid $100,000 for that house, and is making mint, or paid $1,000,000 for that house, and is losing his assets.

Wholesalers don't earn commissions based on a sale price. You earn assignment fees (or, if you happen to close on the property before selling it, flip profits). The size of those fees will change with each deal, because they're determined like this:

How much money will the buyer pay for the deal
- How much did you agree to pay the seller
= How much you get paid. Period.

You aren't 'due' any particular profit on a deal, no matter how much your buyer might make, no matter how much or little your seller makes.

You create the profit by negotiating the right deal. If the deal is one that a ready, willing, and able buyer will pay $100,000 for, it doesn't matter whether you agreed to pay $50,000 for it (thus making a $50,000 wholesale fee and securing your spot in the wholesaler hall of fame) or $100,000 for it (thus making NOTHING and learning an important lesson about holding your ground with sellers who want to push you up way beyond your maximum allowable offer).

And while we're talking about how you get paid, one of the handful of disadvantages to wholesaling vs. other real estate strategies is that, unlike renting or lease/optioning the same house, one deal creates ONE payday[13]. That payday, until you set up your business to partially bypass this fact[14], is taxed as ordinary income, meaning that not only do you get to pay your regular local, federal, and state income taxes, but ALSO the 15.3% self-employment tax that you currently pay ½ of if you're an employee.

[12] *Except, arguably, the real estate agent who didn't earn the 6% commission. I would counter with this: a real estate agent who wants to work with investors to buy nasty junker properties at pennies on the dollar is about as easy to find as a Progressive at a Libertarian National Convention. Ask any agent how anxious they are to find ugly houses for buyers who are constantly offering less than asking price, and buy about 1 out of 20 houses they make offers on, and you'll see what I mean. An agent willing and able to work with investors is a rare find, and should be treated like one; but more on that later*.

[13] Until you start financing deals FOR you buyers to get the extra return on investment and higher price this creates. That's also part of my Real Estate Goddess's Guide to Building a Wholesale Business, which you can get at www.REGoddess.com.

[14] Also covered in the Real Estate Goddess's Guide to Building a Wholesale Business

Wholesaling Is a Distinctively Cyclical Strategy

Real estate cycles come and go; when money is cheap and people are feeling prosperous, house prices rise and inventory shrinks. When people are losing their jobs and mortgage rates go up, house prices fall and inventory expands. When lending gets too aggressive and builders overbuild homes (or apartments or condos, which move in a slightly different cycle than single families) and THEN people lose their jobs, and are unable to absorb the over-abundance of inventory created by the builders, and money contracts as defaults rise, we have a full-on market crash, as happens every 20 years or so.

You've probably noticed that these cycles can occur on a national (the entire U.S. in 2007), regional (Houston in the mid-80's, due to a crash in oil prices; California every 15 years due to the fact that Californians are insane about their real estate), and even local (that neighborhood in your town that used to be a warzone but is now hot) level.

Since our buyers are people who work with 'end users' of real estate, they are extremely sensitive to what's happening in the market. They notice right away when days on market for either their rentals or their retail deals starts to increase. They see it immediately when buyers or renters get slower, pickier, and more ready to try to negotiate price. They're also quick to react to the opposite trend; when their deals are snatched up in 24 hours at full price, they begin to raise the prices on their completed rehabs.

Because our buyers are so sensitive to fluctuations in demand, availability of financing and labor, and cost of money both for themselves and for their OWN buyers, wholesalers are in a 'canary in the coalmine' position in the real estate world.

When the market is hot, we have more buyers ready to pay a higher percentage of value to get the deals we have, but fewer hyper-motivated sellers to choose from and more competition for those deals.

When it's cold, we have lots of deals available to us, and a lot fewer people to fight for them, but we have to price them much more aggressively to attract the smaller number of buyers in the market who, by the way, are also much more conservative in what they'll pay.

When you really understand your business, you realize that the market cycles don't call for you to jump in and out of the market.

They call for you to adjust where you're expending your energy and money, and to fiddle with the controls in areas like your formula for maximum allowable offer (in 2009, mine was 60% of after-repaired value minus repair costs minus profit; in 2006 it was 75% of ARV-repairs-profit); how long you request to close (in 2008, I asked for 45-60 days; in 2017 it was often 10-14). During the "crash," I spent almost no money on marketing for sellers (there were plenty of banks who'd sell at 30-50% of asking price, right in MLS where I didn't have to pay to get to them) but quite a bit on buyer recruitment seminars and training.

And if, like me, you do more than one thing in the real estate market (I also buy houses to rent, to sell 'repair for equity', and to lease/option), what's happening in the real estate market may inform what percentage of your overall business wholesaling represents. When the market goes so crazy that people are paying prices for rentals that create tiny returns on investments, I wholesale more of the inventory that crosses my desk. When rentals are priced in such a way that the ROIs are higher than normal, I wholesale fewer houses and buy more for rental.

Which Proves the Value of Continuing Education…

I can't think of a better place than this to mention that, for serious wholesalers, constant continuing education in the real estate world is a must.

A LOT of my competitors—even some of the big ones who had been wholesaling 100+ deals a year in 2006—were out of business by 2008.

Their basic problem was really that they'd built a business on selling to newbies who could get the sub-prime loans so common at that time, and when the loans and the certainty about the constant improvement in the market went away, so did their customers.

But their other problem was that they didn't understand, and therefore couldn't service, the people who were still going to be in the market through the crash—experienced, cash-heavy investors who didn't mind holding for awhile while the economy corrected itself. They continued to try to sell retail deals (for which there were few end buyers) to newbies with financing (who didn't exist anymore) instead of selling rentals to cash buyers.

As a result, those wholesalers starved in an environment where good deals were almost literally falling from the skies.

Had they not felt themselves above (or maybe too busy for) going to seminars, attending real estate investing meetings, and learning things that were outside of their immediate field of knowledge, they could have really prospered through those years, instead of going back to 'real jobs' at a low-water mark in the job market.

Educate yourself about wholesaling, and then educate yourself about what your BUYERS do—rehab, renting, airBnB, lease/options, getting private money. NOT because you (necessarily) want to do those things, but because the more you know about what they do, the better you'll be at selling them the deals they want—in any market.

How Much You Earn Wholesaling Is Dependent on 3 Main Factors

Watch enough pitches for wholesaling courses, software, and bootcamps, and you'll start to notice that there's a lot of emphasis on all the great stuff you can have and do. If you try to add up the cost of the various toys and luxuries that the guru hints at having (Good Lord, was that a FERRARI in the background of the picture featuring his too-hot wife and clearly above-average kids??) plus the numbers on the checks he shows from his "successful students" and the constant hints that you can do the same thing every week (even though those checks are always the extraordinary ones, not the average ones), it's easy to come to the conclusion that a successful wholesaler must make, I don't know, $1.5 million a year or something.

That's not reality for most wholesalers in most markets. [15]

In my experience—and remember, I've been working directly with wholesalers at all levels and all over the country since 1999—there are 3 factors that really determine how much money, if any, you'll earn wholesaling this month, this year, and over your lifetime.

The first is your geography. The market in which you work determines the values of the properties on which you'll be placing contracts. The more zeros there are in the median prices of properties in your area, the more room there is for you to 'work in' a profit.

As I sit here writing this manual in Cincinnati, Ohio, and thinking about the last 3 deals I wholesaled, I'm remembering that the TOTAL SALE PRICES (that is, the fee to me to assign the contract + the amount the buyer paid the seller, per the contract) were $39,900, $32,900, and $6,000.[16] The after-repaired values of those properties were $150,000, $70,000, and $40,000, respectively. In San Francisco, the ARVs would have been would have been more like $2 million, $1.5 million, and $700,000, and I'd have been able to earn $50,000 wholesale fees on each, with the proper negotiation.

I didn't make $50,000 on any of these. Or on all 3 combined, for that matter.

But then again, I live in a great house in a great area that's only a $350,000 house, so my living expenses, along with my net profits, are a lot lower than my theoretical San Franciscan counterpart's.

In my experience—and this is pure "rule of thumb"—the average wholesale fee collected by a relatively active wholesaler in any given area is about 5% of the overall median house price (not the value of any particular house) in that area. Cincinnati's median house price is about $140,000, and the average wholesale fee is around $7,000.

But the average fee is only part of the income equation, of course; the other parts are how many deals you do, and for how long.

So the 2nd factor in your profit potential is how much time you spend—or have someone else spend on your behalf—doing the small set of activities that lead to getting, and selling, deals.

In general, all other things being equal (and assuming that you actually KNOW what to do), it takes about 20-30 hours of SOMEONE'S effort to market for, screen, inspect, negotiate, and contract for a deal, and to find a buyer and get to closing. Only about 4-5 hours of this time is spent on the deal that comes to fruition—the rest of the time is devoted to the deals that DON'T happen, since you'll generally have to talk to about 20 sellers to find the one who's got the right deal on the right property at the right price.

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[15] In fact, most wholesalers in most markets don't make enough money to live on, even if they're "full time" in the business, because they don't approach wholesaling as a real profession. They don't bother to learn the skills they need to evaluate properties; they don't treat buyers and sellers like respected customers; they continue to think of wholesaling as a "hustle" where what one does is put lots of properties under contract and hope that they're lucky enough that some of them are good deals and eventually sell.

[16] That's not a typo. Is was wrecked property in a borderzone.

That 20 hours might be spread out over a week, or a month, or a year—and it might be all your time, or it might be yours and an assistants'.

The third and final determinant of your profit potential has to do with how long-lived your wholesaling business will be, and that's decided by whether you decide to be long-term greedy, or short-term greedy.

Here's what I mean: when the market is hot, a lot of "dumb money" gets interested in real estate. This is money that's possessed by people with little real estate experience and even less knowledge, who are unable to evaluate deals, and therefore willing to pay significantly more than they should—than the amount that would give them a profit commensurate with the risk they're taking by buying and rehabbing said deal.

One school of thought is that wholesalers should use these times to "make hay while the sun is shining," selling properties for whatever that particular market will bear.

Another is that wholesalers aren't wholesalers if they're not selling at wholesale prices.

And yet another—the one that, in my experience, is most correct—is that building a business based on stupid money is a great way to have a business that lasts only as long as there's stupid money available.

When you have a reputation as a wholesaler who sells marginal (or even bad) deals to people who don't know any better, it's really hard to get the attention of the serious buyers who remain in the market when there's a recession, or when conventional money gets more expensive or harder to get, or when there's a full-on real estate crash, a la 2007.

Short-term greedy is selling deals for more than your heart and brain tell you they're 'worth', in the sense that you know that your buyer has little to no chance of making enough money to really compensate him for the hours and dollars he's putting into a property. Yeah, I get it, a property is 'worth' what someone will pay for it, even if that payor has no real idea what he's doing or what he's getting or how to value any of that. But choosing to take advantage of that fact, while not immoral or illegal[17], is not the recipe for a business that survives and thrives for decades on end. In fact, it's a recipe for constantly fighting find new buyers ('cause it's hard to sell any one person more than a deal or 2 that loses them money) and just flat-out failing when the newbie flee the real estate world like rats off sinking ships when there's the slightest sign of a downturn.

Long-term greedy is selling good deals to a much smaller group of much more qualified buyers, and not getting rich off of each and every deal.

What About Your FIRST 3-6 Months?

I'm often asked the question, "How long will it take me to make my first deal?"

[17] Unless, of course, you claim, and try to prove, that the $200,000 house is a $230,000 house and that the $50,000 in repairs are actually $15,000 in repairs in order to bolster your claim that the deal is a good one at $158,000.

And like the answer to most real estate questions, the answer is, "It depends".

First, know that your first deal is absolutely the hardest. The hardest to find, the hardest to complete, the most likely to fail, and the most anxiety-producing.

Everybody says so, and they're all correct. But what they also say, correctly, is that once you've done it, they're all pretty easy from there.

Second, despite what I said above, expect that you'll have to make more than 20 offers and spend more than 20 hours to get your first deal.

Despite what I'm going to teach you in the following chapters, it will take you a few rounds in the ring to really internalize that some sellers aren't motivated enough to be worth meeting with, and you'll spend WAY more time that you should talking to, worrying about, and researching the properties of, and otherwise wasting time and energy making offers that you'd never make next year.[18]

Until you get your marketing up and running, you'll primarily be making offers on properties that are easy to find but for which you have a significant amount of competition, such as FSBOs in Craigslist and MLS-listed properties.[19]

And you'll also make the rookie mistake of either being WAY too conservative with many of your offers,[20] which means you'll miss out on deals that could have been sold for a profit even at a higher purchase price, or of over-offering because you drastically overestimated value (or Zillow did, anyway) or because you missed or underestimated repairs.

But keep at it, and you'll get over it.

I worry about new students only when they've put in a total of 50 hours of really concentrated deal-finding effort and haven't put a property under contract.

I don't mean 50 hours of thinking about deals, or driving around looking for boarded up windows; I mean 50 hours of actually talking to sellers, making offers, and negotiating. When this happens, I usually find that they are either: a) looking at properties that are WAY too nice to sell at wholesale prices, b) making offers to sellers who have no reason to be motivated, or c) Underestimating ARVs or overestimating repair costs.

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[18] *If it makes you feel any better, I made 100 offers before I got my first property under contract.*

[19] *And every one of those offers was on an MLS listed property, because I had zero marketing. Yup, not even a business card.*

[20] *And most of those offers ended up being about 20% of the asking price, 'cause I was being really, really conservative.*[*] *Wonder why I didn't get any acceptances.*

** By which I mean I was using the very lowest sale price in the neighborhood as the ARV, and estimating new roofs and furnaces at $10,000 each. Feel better now?*

Also, it's extremely likely that you'll end up with a wholesale fee that's less than 5% of the median house price in your area. There are exceptions: I've had several students over the years who absolutely hit it out of the ballpark with their very first deal—one earning $51,000!—but more commonly, due to slightly-off calculations and lack of confidence when negotiating with buyers, you'll end up with something like half of what will become your more typical wholesale fee.

Which is better, in my opinion, than a kick in the head.

I have no actual statistics on this, but it seems to me that most of the graduates of this course who really learn the material, really make the consistent effort, really focus on the right activities, and really internalize the win-win philosophy, spend 80-100 hours getting to their first check, then half that getting to their second, then settle into the 20-30 hours per deal thing.

The good news is, once those first few deals are done, the rest come with significantly less investment of time and effort, and before you know it, wholesaling is as natural to you as breathing. And THEN, you'll be ready to make it a passive business and pay someone else to do it ALL.

The Work of Wholesaling

Ok, so it takes 20 hours of work to do a wholesale deal.

20 hours of WHAT work? In later chapters, I'll break this all down into the kind of detail you need to actually DO a wholesale deal, but for now, let's just make sure you understand what's happening to make a wholesaled deal go.

There are 6 discrete steps:

Step 1: Via marketing, referrals, or public sources like MLS or auctions, you find a seller who, for whatever reason, is prepared to sell an appropriate property at a price that makes sense for you and the ultimate buyer.

Step 2: You perform an evaluation of the property by researching the fair market value, inspecting to determine what repairs might need to be made and estimating the cost of the repairs. Based on the resulting numbers, you determine mathematically what your buyers will be willing to pay for the property, and figure out an offer that, if accepted, will allow you to make a profit from the sale of the contract.

Step 3: You make your offer to the seller. If he finds it acceptable, this agreement is formalized via a written contract that gives you the right to purchase the property under the price and terms you've negotiated.

(**Step 3.5:** This is a good time to step back and look at the deal to decide whether it makes more sense for you to buy the property for your own portfolio, or to buy it to fix and resell yourself, or whether for some reason involving the property (it's too far from your home base, it's not in your preferred price range, it needs more work that you can reasonably handle) or involving your situation (you're already up to your eyeballs in rehabs, you've used all of your private lenders' money) it makes more sense to pass the deal on to someone who likes the property and can handle the deal.)

Step 4: You begin the due diligence process (ordering a title search, checking for city or county orders, possibly ordering a pest inspection) so that your buyer will have all of the information he needs to make the decision to purchase the property, or, if you plan to close it yourself, you're ready to do so when the time comes. Depending on where you live and who your service provider is, this step can take 7-14 days, and so usually happens, at least in part, simultaneously with step 5.

Step 5: Using marketing, your buyer's list, and other resources, you identify a likely buyer or buyers for the property, arrange for the prospective buyers to view the property, and, after agreeing with the buyer as to price and terms, continue on to step 6.

Step 6: You sell your right to purchase the property to the buyer, who buys it directly from the seller. Alternatively, you might BUY the property (usually using cash or private funds), then sell it immediately to the waiting buyer.[21]

It's important to understand that, while ALL of these steps are necessary to complete a wholesale deal in a professional, repeatable way, most of the actual 'work' in wholesaling involves getting part way through the process and discovering that you're headed back to step one.

15 out of any 20 sellers who call you aren't even motivated enough to finish step 1 with.

Of the remaining 5, a quick look at comps before you even leave your house tells you that 2 of them are in left field about what they want for their property, and you never even leave your house after telling them what you're likely to be able to pay.

Of the 3 left, 1 will probably agree to your final written offer.

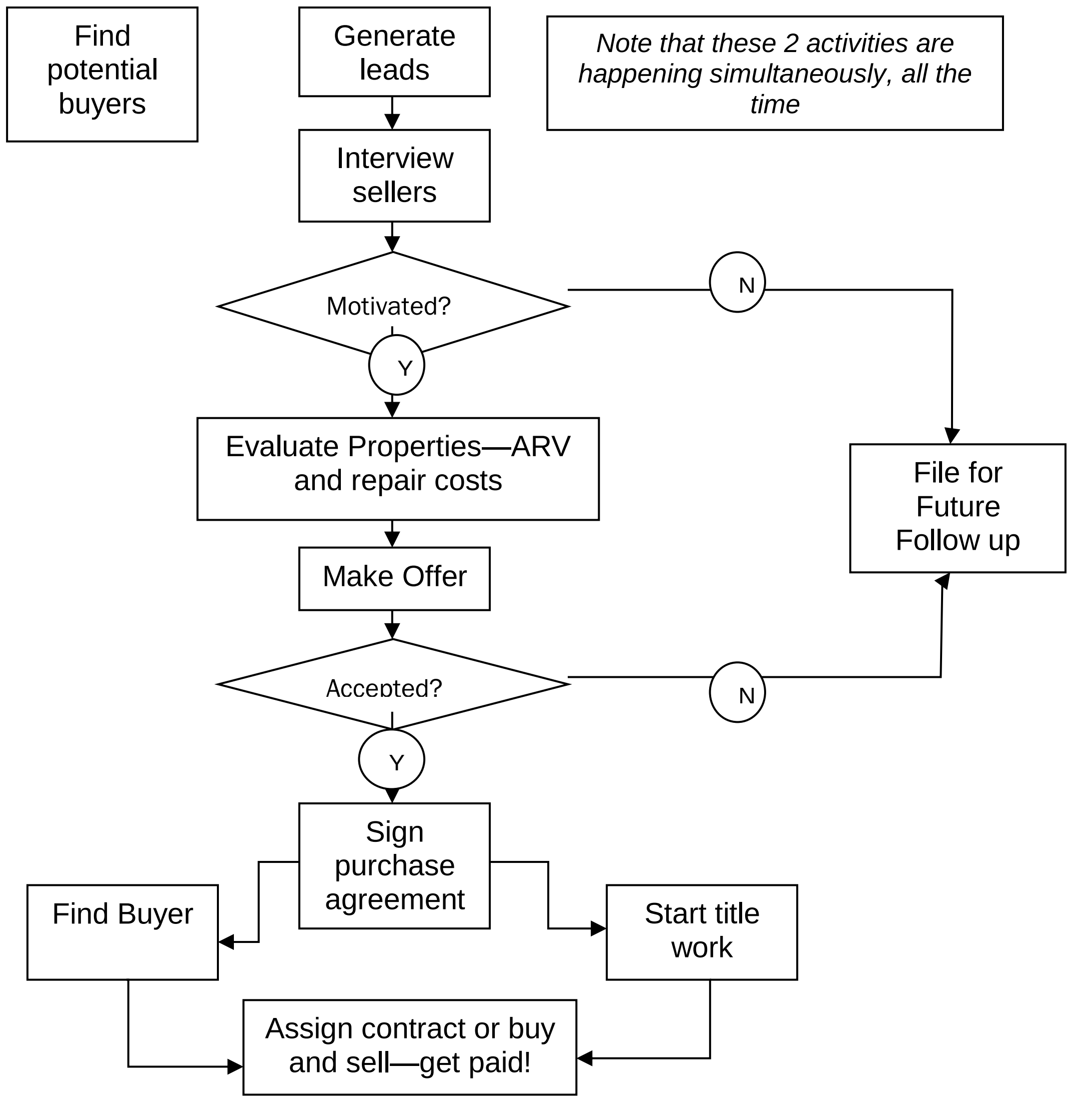
And, if you're doing enough deals, you'll lose THAT one every 50th time because the title search turns up a problem that the seller can't or won't pay to solve.

You really, really can't get upset by the fact that you've talked to xx sellers or xx buyers and not gotten a check. Talking to xx sellers is the job when the market is hot, talking to a large number of buyers is the job when the market is cold.

Do what you need to do, do it right, and do it over and over, and the results will come.

[21] *Whether the proper term for all of this is "real estate wholesaling" is actually a matter of debate: after all, in many transactions, you aren't dealing in real estate, but rather in contracts. But somehow, a title like "wholesaling purchase agreements" or "real estate principal via a purchase contract passing on his rights in the contract to someone else" just doesn't roll of the tongue as smoothly. Plus, it's just part of the real estate lexicon now to say "wholesaler" or "wholesaling", so correct or not, we're kind of stuck with the term.*

Super-handy flowchart for understanding the workflow of a wholesale deal. You're welcome.



Keeping Your Eyes on the Prize: The Big Benefits of Wholesaling

Now that I've told you the truth about your wholesaling career: that you'll have to learn things, do things, and do them over and over to be successful, let's remember WHY you're doing this in the first place.

It's not for the money. It's for the things the money can do

I didn't start my real estate career in wholesaling—because I didn't know anything about wholesaling for the first 5 years or so of my real estate life. But when I DID discover wholesaling—a discovery that happened when a local wholesaler sold ME a property for a $5,000 profit—I immediately recognized its value to my already pretty-successful business: it allowed me to make money on properties I usually wouldn't deal with because of their location, type, or condition, or because I was out of money or just didn't like that particular house, and it allowed me to stabilize the budgetary roller-coaster that comes from waiting for tenants to get financing on a property.

Over the years, I've continued to wholesale even as I've also continued to buy rentals, lease/option properties, and do all the other things that are apparently considered "intermediate" and "advanced" strategies in the mythology of the "career path" that real estate investors are thought to have.[22]

In fact, at the risk of sounding like a crazed wholesale fanatic, it's a strategy that I truly believe that practically every investor at EVERY level of experience and in EVERY strategy should know how to do, and practice at least from time to time. Here's why:

1. **It creates cash quickly, and that's a great skill to have**. In the past few weeks, I've purchased a rental and made 2 hard money loans to students, draining my IRA and cash investing account to about $23,000. Then, yesterday, out of the blue, I was contacted by another investor who needs to sell a $45,000 note that has an 18% return. There are lots of ways that I could close that deal without my own money, but they all involve giving away some of the profit, and at that return I'd like to keep it all for myself, thanks. Good thing I have a couple of wholesale deals closing before that note does. I made the offer to purchase KNOWING that I didn't have the cash to do it, but that I would by the time I needed to close. How would you like to be able to jump on investment opportunities at a moment's notice? Yeah, thought so.

2. **It allows you to get to financial 'rights' before you jump into new debt on long-term assets.** I'm not a rabid 'debt is slavery' promoter. I think that judicious use of debt to leverage income-producing assets is, not to put too fine a point on it, necessary for rapid growth, which is a fancy way of saying that if you refuse to get mortgages on properties, you'll buy a lot less properties and get a lot lower return on investment on your money.

   At the same time, I'm a strong believer that if your own financial house isn't in order, you

[22] Which is a myth promulgated by the education mills that want to take your money at each stage of the supposed path. Haven't heard of it? It's this: first you wholesale, then you retail, then you buy houses, then apartments. That's terrible advice if it's given without regard to your individual situation; a guy with $1 million in the bank, an already highly-taxed $300k a year income, and a desire to buy apartments should NOT be directed to wholesale first. It's not necessary to wholesale to retail, or to retail to get rentals. Owning single families does NOT prepare you to own multis.

shouldn't risk your home, cars, bank account, and so on by committing to debts that you sign on personally, as is usually the case with conventional loans on residential real estate.

The cash that wholesaling produces can quickly (or not so quickly, depending on how 'deep' you're in) get rid of non-productive, highly-risky debt AND let you create a cushion for possible emergencies and retirement. I recommend to anyone who will listen to me that you use your first $xx,xxx profits to:

a. Fully pay off any obligations you have to your most dangerous partner, the government, including tax liens, unpaid income taxes, unpaid worker's comp premiums, and child support obligations
b. Fully pay off any other debts that are bankruptcy-proof, i.e. student loans
c. Fully pay off non-deductible consumer debt from credit cards, furniture loans, medical credit cards, and so on
d. Pay off your cars (and stop leasing them for heaven's sake)
e. Get and maintain the payments on any insurance that you really need but don't have: health, life if you have a family, disability if you're at an age where that makes sense
f. Create and fund an account that gives you 6 month's expenses in reserve
g. Make the max contribution and any catch-up contributions you can for your self-directed IRA, 401K etc.
h. Create and fund accounts for anything that you're going to need to fund in the next 5 years that you'll otherwise use credit cards to pay for—a wedding, a big trip, a college education

Can you also use some of the money you make to, I don't know, go to Tahiti for a month?

Sure. Or you could do my thing first, and then be financially prepared to go to Tahiti forever by the time you're 50.

3. **No investor at any level is immune from the need for cash, and wholesaling provides it.** I like to joke that I thought that "Vacation" meant "Go stay with family" until I was in college. But it's true that my family didn't take what I'd call a vacation, or buy what I'd call a new car, or eat at what I'd call a nice restaurant, despite my parents' owning literally 250 doors with over $4 million in equity at one point in their lives.

   In fact, despite all of that wealth-on-paper, there were LOTS of cash crises in my parent's business over the years—the time the $14,000 boiler died the same month the real estate tax bills were due; the time that 15% of the tenants moved in 3 months, requiring over a dozen turnovers while not getting rent on a dozen houses, and others.

   Rentals need repairs and upgrades. Rehabs go over budget. You can be the most successful whatever in the world, and if you don't have access to cash when you need it, it can literally bring your business to its knees in a matter of months.

4. **The education/experience/cash/credit entanglement bar is much lower in wholesaling than**

in other strategies. If you know how to find motivated sellers, inspect a property, estimate the general costs of bringing it up to par for the area, figure out what it's worth in good condition, and fill out a simple purchase contract—all of which you'll be learning here, of course—you can be a successful wholesaler.

Other strategies in real estate require significantly <u>more</u> education; for instance, renovating that same property requires you to understand the renovation process itself, find and control contractors, finance the purchase and repair of the property, and ultimately sell it to a new homeowner—which is a complicated process unto itself. Becoming a landlord means learning and following a whole world of laws and regulations; it also means learning to market units, screen tenants, manage residents, complete evictions, and a bazillion other skills, major and minor. Wholesaling is by far the simplest strategy out there, which means that you can make money while learning the basics of negotiation, inspection, offer making and so on—all of which will translate easily to your next strategy.

Also, when you're not buying houses, your access to a lot of cash or credit becomes a lot less important. Even in the case of deals you want to close and resell, the loans are typically "hard money" or "transactional funding" loans, which are based on the value of the property or the fact that the buyer's money is already in place, NOT on your credit. You can have spectacular credit, awful credit, or no credit, and no one will ever even ASK in a wholesale deal.

5. **It's lower-risk than other real estate strategies.** A lot of the fear that new investors have has to do with risk: risk that they can't really evaluate because they don't know enough about where it lies to avoid it. Basically, the risk inherent in real estate (or any other venture) comes in 2 flavors:

   1. The risk of losing your investment
   2. The risk of losing MORE than your investment, through litigation with an unhappy party in a transaction

   The reason wholesaling is the lowest risk real estate strategy in category 1 is obvious: since you don't invest tens of thousands (or in some markets, hundreds of thousands) of dollars buying and renovating properties, you don't have that money "at risk" to lose. If, in an assignment deal, the worst possible circumstance occurs and your buyer backs out of the deal at the closing table (and assuming you've used correct contracts with liquidated damages clauses), your cash risk will generally be limited to whatever earnest money you may have deposited with the seller, his agent, or his attorney.

   In cases where you actually CLOSE on the property in order to resell it, your risk is clearly larger—though it's unlikely you'd ever lose 100% of your investment, unless you did something silly like close it without a buyer waiting in the wings and without an insurance policy, and the property burned down over the weekend or something.

   Compared to your buyers, who not only purchase your deal but also spend lots of money renovating it for rental or resale, though, your risk of losing money is a lot lower.

Wholesaling also creates a lower liability risk—that is, the risk of getting sued and losing big in court—than other strategies because of the nature of the customers you deal with in wholesale deals.

In my experience, most of the lawsuits faced by real estate entrepreneurs arise from dealing with civilian buyers and renters. Tenants commonly sue landlords for everything from personal injury to discrimination; home buyers sue sellers and agents for misrepresenting their properties. Contractors sue property owners for injuries on their properties.

But it's pretty rare, when you work with knowledgeable, experienced buyers, to run into these kinds of issues. He doesn't expect you to have x-ray vision and see that the sewer line in a vacant house *that you never owned* has collapsed; if it turns out it has, he won't typically hold YOU responsible; he does his own inspections, and if he didn't see any signs of a problem, he doesn't expect you to, either.

Let me add, though, that <u>if you choose to conduct your business in ways that are less than fair and honest, wholesaling is just as "risky" as any other badly-done business</u>. I HAVE seen wholesalers get sued—and rightly so—for collecting assignment fees on properties that they never actually had under control, or for refusing to return assignment fees when it turned out that the seller decided not to sell after all, or when the wholesaler chose to sell to first-time rehabber/buyers at inflated prices based on inflated "appraisals", or when one wholesaler enticed a seller to break a contract with another wholesaler (and then, driving the final nail into the coffin of her own unthinking scumminess, sold the deal to the same buyer wholesaler 1 had already lined up).

If you're honest and fair, and deal with people in an honest, fair, and kind way, the chances of being subject to—or losing—litigation are much slimmer than those of your colleagues who deal with civilians.

6. **It lets you make money from deals that aren't right FOR YOU.** By the time I wholesaled my very first deal in the mid-90s, I was already in the "experienced investor" category. During the 2 ½ -year period from November 1989 to June 1992, I was a salaried "property finder" for my parent's real estate business. By 1994, I had retailed, rented, or lease/optioned over 200 homes, and was well-versed in negotiation, evaluation, finance, and all the other things one needs to do to buy real estate full time.

   However, due to my focus on a particular kind of property—the 3+ bedroom single family that made the best lease/option and retail deals—I never considered how much profit I was walking away from simply by ignoring all the deals I was seeing that DIDN'T fit my criteria, and yet were good deals on paper. In heart-breaking retrospect, there were literally dozens of deals that I passed up for various reasons that I now recognize as perfect candidates for wholesaling. If I had pursued all the deals that I turned down because they were too far away, or too small, or needed too much work, or because I had too many vacancies and was temporarily out of money to buy houses or time to deal with the ones I already had, **I could have put well over $250,000 in my pocket during that time–simply by wholesaling deals that were already negotiated.** Ouch. I really wish I'd never made that calculation, as motivating as it did turn out to be.

7. **It can seriously shorten the path to financial independence**. Financial independence isn't wholesaling. It's owning passive investments, the income from which more than pays your bills every month.

   In real estate, that means owning paid off rentals that can be managed by other people. They can be houses or apartments or self-storage units, but they're MOST likely to produce the lifestyle you want when they're free and clear.

   The typical landlord, upon realizing this, will make the following plan: *"My 'X' number of properties, when paid off, will provide all the income I need to retire very comfortably. Therefore, I will buy these 'X' properties, then wait 15, 20, or maybe even 30 years for the tenants to pay off the loan, and I'll be set. Or dead, depending on fate."* Or, he might decide to accelerate his retirement with this plan: *"I need 'X' properties, paid off, to retire comfortably. Therefore, I will buy X times 3 properties, and in 15 years or so, I'll sell 2/3rds of them and use the after-tax profits to pay off the others."*

   Sure, but there's another way.

   Let's say that a nice rental house in a decent area of your town is a $150,000 house that you can buy for $120,000.

   Let's further imagine that you can borrow $120,000 privately at 7.5% interest for 30 years to buy these houses.

   In that case, your principal and interest payment will be $839.09 a month for 30 years. If the house rents for $1,400 a month, you'll have a very small amount of cash flow for most of that time—say, $200 a month after taxes, insurance, maintenance, vacancy, and reserves.

   If your plan is to pay this loan off over 30 years, you'll need to buy a LOT of these houses to have enough income to live on in, say, 15 years. If you have a relatively modest lifestyle and only need $5000 a month in passive cash flow to retire, you'd need 25/

   If, on the other hand, these houses were PAID OFF in 15 years, that $839/mo that's now mortgage payment converts to income, so your cash flow changes from $200 a month to over $1000 a month for each property like this. Now, you only need 5 rentals (and thus, 5 tenants) to reach your $5000/mo cash flow requirement.

   No, using your $200 a month in cash flow to make larger payments is NOT going to pay those houses off in 15 years. An extra $2,400/year will cut 13 years off your loan, and allows you to pay off the properties in 17.1 years.

   But you'll just wholesale 1 house a year for a $7,000 profit, and use $5,000 of that profit to make an extra principal payment against your loan at the end of each 12 month cycle, you cut the number of years to payoff down to 13.9—and you save over $106,000 in interest, which is enough to buy another house for cash.

If you double up on that and wholesale a property every 6 months, applying $5,000 each time to principal, your rental house is paid off and generating $1,039 per month in positive cash flow in just 7 ½ years.

Can't commit to such an "ambitious" payoff schedule? Then think about this: if you wholesale just one property this year, and make just one principal payment of $5,000 on this property, you still shave 46 payments—that's nearly 4 years—off the loan and save $33,500 in interest over the life of the loan. And I know how you landlords LOVE to save money…

$120,000 loan, 30 year amortization, 7.5% interest				
	Paid as agreed	Add $5,000/year in principal pay down (1 wholesale deal)	Add $10,000/year in principal pay down (2 wholesale deals)	Make just 1 total extra $5000 payment at month 12 of the loan (1 wholesale deal)
Months to payoff	360	167	96	314
Total amount paid including interest	$302,061	$195,123	$160,549	$268,474
Interest paid	$182,061	$75,123	$40,549	$148,474
Interest saved	---	$106,938	$141,512	$33,586

8. **Wholesaling properties is a quick way to get your first successful deal under your belt, and thus prove to yourself that this whole real estate thing really works**. Let's not underrate this as an advantage: unlike other areas of your day to day life, in real estate, fast to the finish is good. There's not a seminar in the world that's as motivating or educational as getting a big check. By starting with wholesaling, you can quickly see that the real estate game is for real—and avoid falling prey to the little voice inside your head that says, "You can't do this."

Stuff You'll Hear That Isn't True

There are a lot more folks out there with opinions about wholesaling than there are folks who've actually wholesaled houses. From your negative nelly friends, to your "can't ever say anything encouraging" family, to the trolls online, you'll hear a lot of things that, before you've actually tried this and seen that it works, might pop your bubble so thoroughly that you just flat out give up.

I'd like to end our section on fundamentals by trying to counter some of that, since I hear it every day.

What you'll hear:
"It can't be all that simple, or everyone would be doing it."

Losing weight is simple, too. There's not a person in this country who doesn't know that all you have to do to lose weight is eat less and exercise more. Simple. So why isn't everyone doing it?

'Cause they don't have want to give up overeating and laying around. Just as most people who've heard of wholesaling (and that's NOT a huge percentage of the population, by the way) don't want to give up watching Monday night football, or playing golf on the weekend, or whatever it is they're doing, in order to do the work wholesaling requires.

Or maybe it's that they don't want to overcome the fear that doing this new thing engenders; even people who DO take the time to learn about wholesaling often let the fear of making lowball offers, or talking to sellers, or being unable to find buyers stop them from using what they know.

And there's another, perhaps sounder reason that people don't always jump at the opportunity to wholesale properties. The reason is this: wholesaling is the LOWEST PROFIT strategy that can be exercised on a property. As you'll see in later chapters, the $5,000-$25,000 that the wholesaler typically makes quick-turning a deal, pales before the $20,000 or $50,000 or $100,000 the investor/buyer makes. People who have the cash, risk tolerance, and repair resources to make the big money fixing and keeping the property very often turn their noses up at the quick cash they could get from wholesaling the property. And it's a good thing, too—otherwise, there'd be no one around to buy your deals!

What you'll hear:
"The market is so hot that there are no good deals left for a newbie."

There's one thing that I can absolutely depend on when talking to new investors: no matter where they live, or what year it is, or what's going on in the economy, I'm going to hear, "I live in the most competitive market in the country. Sellers don't sell their houses cheap here, because they don't have to. And the few who do can call any one of a thousand bandit signs that are on every telephone pole in the city. No new investor has any chance of making it here." [23]

Let me let you in on a little secret: there are ALWAYS good deals in EVERY market, and there is NO SUCH THING as too much competition. To wit:

1. **Those sellers who are able to sell for full price in a matter of days are sellers with pretty properties that homeowners or renters can move into immediately**. The sellers who have houses with foundation problems, mold, water damage, outdated electrical systems, or any of a zillion other problems that scare of homeowner wannabes are NOT able to sell for full price or quickly. The typical home buyer will NOT tackle major problems in a home they're purchasing; they don't have the desire, and more importantly, they're putting every dime of their available cash into down payment, closing costs, and moving expenses. The sellers you're looking for—and they're around in EVERY MARKET—don't have the option of selling to homeowners because their properties are too ugly. That means they can ONLY sell to an investor, which means they HAVE to take less than "market price". If you're not finding these people, you're just not looking hard enough.

[23] *Once, while in Vancouver, Canada, I even heard from several people that "There are no ugly houses here. We don't have those sorts of neighborhoods you're talking about." Vancouverites, I have some bad news. You do, in fact, live in one of the loveliest cities in North America. But I got lost on the way to your airport, and I can tell you for certain that you have wholesale-type neighborhoods.*

2. **There's less real competition than you think**. The vast majority of new investors will go to a seminar, get all excited, hang up some telephone pole signs, run an ad in Craigslist for a few days, and...do absolutely nothing. In fact, many of these wanna-bes won't answer the phone when potential sellers do call, and won't even return messages, because they're so afraid of…whatever they're afraid of. Don't believe me? Call the next 10 ads you see that say "I buy houses;" 8 of your calls will go to voicemail. Leave a message saying you're super-interested in selling your house cheap; 6 of those messages will go unreturned. Seriously, try it.

3. **Most of your competitors are, not to put too fine a point on it, incompetent**. I don't just wholesale properties; I buy them, too. As a result, I am offered deals by other "wholesalers" several times a week. The vast majority—and I mean 90%+--of these deals are overpriced, with ridiculous estimates of value and crazy-low repair costs. I, like every other serious buyer in the market, quickly write off the "wholesalers" who aren't educated enough (or aren't ethical enough) to correctly value their deals.

Yes, these folks can temporarily screw up any particular deal for you, by offering a seller more than they should—but what ultimately happens is that they don't sell that deal, and the seller comes back to you to get a contract at a lower price that will actually close. Your skill, and honesty, and patience, will typically win the day, even if it takes a while.

Yes, you have a handful of 'big dogs' in your area who wholesale[24] 200 deals a year and have a $50,000 a month mailing and marketing budget, but no, they're not getting every deal. They're not driving for dollars. They don't use every list. They don't know the same people you do.

What you'll hear:
"There are deals everywhere, but no one to buy them"

When the market is hot, the big objection among non-practitioners, or dilettante practitioners is, "There are no deals." When the market is cold, the big objection is, "There are no buyers."

Having survived, and thrived, through at least 3 (in retrospect, relatively minor) real estate cycles, and that one really, really big one you might have heard about, I can say two things: first, yes, there are times when you have to put more focus on finding buyers and other times when you have to put more focus on finding deals. And second, what's happening in the RETAIL home market—which is what the mainstream media always reports—does not necessarily reflect what's happening in the investment real estate world.

Remember 2008-2009? Sure you do—that was when the real estate bubble burst with a bang, leaving home prices in freefall, literally millions of Americans in some stage of foreclosure, and the world economy in a near-depression.

It was a tough year for wholesalers. Even professional buyers were terrified to buy, not knowing whether the house they got today at ½ of its value from 12 months ago would be worth ½ of THAT in another 12 months. But even though retail sales didn't start to recover for another 2 years, by late 2009,

[24] Or at least sell. Most companies selling at this volume aren't really selling at what most smart investors would call a wholesale price.

investor buyers were back in the market in a big way.

Why? Because once they gathered their wits about them, they realized people still needed a place to live, even when they weren't buying houses. And that there were just as many rentals in foreclosure and abandoned as there were formerly owner-occupied homes. And that rents were, in fact, going UP in many areas dues to higher demand and lower supply. So they stopped worrying so much about whether houses had, or would ever again have, equity or appreciation and started buying based on RETURN.

In fact, it was at this time that institutional buyers—commonly called hedge funds—began buying rentals by the tens of thousands all over the U.S., based entirely on a return on investment model.

My business wholesaled more deals in 2009 than in 2007, and more in 2010 than 2009, and so on. How? By expending the right energy on the right side of the business. In 2007, my marketing budget was nearly $3,000 a month—and every bit of it was spent on marketing to sellers for deals. In 2009, it was about $2,000 a month—all spent on finding, recruiting, and training potential buyers. I didn't spend one dime on marketing to sellers in '09; there was no need to when banks were giving away properties.

So yes, the market shifts from a buyer's market to a seller's market and back again, but the problem for you is not that there are no deals in one and no buyers in the other: it's realizing which you're in, and focusing your time, energy, and marketing investment on the right one at the right time.

What you'll hear:
"Buyers don't need to pay you/will go around your back/will object to how much money you make"

Are there buyers who have their own marketing machines and get plenty of deals without you or any other wholesaler? Sure, but they're not the norm.

Are there unethical snotwads who will try to go to your seller and get YOUR deal on the same property? Yes, but they're one in a million.

Will some buyer, some day, tell you that he doesn't want to pay your wholesale fee because it's "too much?" Yup.

Is it OK that you can't work with every buyer out there? Yes it is.

In real life, most buyers just pay you what you want (as long as that's a reasonable number) because it's in their best financial interest to do so.

The deals you offer to your buyers leave so much profit on the table for them that they'd be STUPID to quibble over the fact that you're making money, too. In fact, a lot of experienced, full-time investors buy MOST of their deals from wholesalers because it's so much easier than keeping their own deal-finding machines cranked up all the time. Think about it: <u>buying deals from you means</u>:

1. Your buyer gets to "leverage" his time. The less hours he has to spend on the street finding deals, the more time he has to do the other things that generate a profit for him, like find private money, oversee rehabs, screen tenants, etc.

2. Your buyer gets to make the same money with a lot less effort. In buying deals from you, he gets a property that's already found, negotiated, tied up, title-searched, and ready to close—and, since you've worked your profit into YOUR purchase price instead of HIS, he pays about the same as if he'd done all this work himself. And as long as he gets the property he wants at the price he wants, what does he care how much you make?

3. Because some buyers just don't like, or don't have time for, the deal-finding process. I have more than one buyer who've bought multiple properties from me because they have a full-time job that requires travel, as well, and they don't have the time to hunt down deals for themselves. I have others who will freely admit that they don't like making low offers to sellers. I have at least one who says that she can't negotiate with sellers because she feels so bad about their situations that she overpays out of sympathy, and would rather have someone else—me—find and negotiate the deals so that she can pay an intelligent price instead of a silly one.

4. Because once you have a property tied up with a contract, the ONLY way that the buyer can buy it is through you. The seller cannot legally sell it to anyone else until your contract runs out...and by then, you'll have sold the great deal to another investor. Plus, as I like to remind buyers, you are free to try to go behind my back to the seller...ONCE. After that, I'm taking my great deals elsewhere— and telling all my wholesaler friends to do the same.

What you'll hear:
"Wholesalers are sharks who prey on wounded sellers and then unethically resell their properties for a profit"

For whatever reason, real estate is more emotionally charged than other investments, or even high-dollar consumer products, that Americans own.

As a result, a transaction that no one would have the first problem with, if it were a Picasso, or a car, or a jetski that got bought cheap and resold for a big profit right away, gets mixed up in people's heads with the idea of 'home'. One of these days, someone (for me, it's been a college friend, an in-law, and a progressive who's real opinion is that only the government should own something as important as housing) will tell you that you take advantage of old ladies for a living.

That's because they've never been really motivated sellers, asking for someone else's help to solve a problem.

If you've ever tried to sell a home or investment property, you already know that it's a time–consuming, tedious, expensive proposition. Now imagine having to sell your property AND being under the gun due to an imminent foreclosure or building orders. Or having to do $10,000 or $20,000 worth of work to the property to bring it into livable condition before putting it on the market. Or trying to sell a property that you inherited—that's 800 miles away. Or trying to sell a property that your last tenants left an ugly, smelly mess.

The point is, **there are a lot of sellers out there who are not only willing to, but are GLAD to sell you their house for less than they "know" it's worth**. You don't need to lie to them about the value of the property or "steal" it from them. If you are working with the right sellers—motivated sellers—they will sell to you at less than market value because they want to or need to, not because they were too stupid to know what market value was or because you FORCED them to. **You didn't create the situation that forced them into selling, but you can SOLVE it for them**.

In fact, I would argue that seeing someone in dire need, knowing how to solve their problems, and not doing so is immoral. Whether or not you choose to get PAID for the valuable service you provide in doing so is entirely up to you.[25]

What you'll hear:
"Flipping is Illegal"

This is different than the issue we've already dealt with—that wholesaling requires a real estate license.

This objection comes from the problem that "flipping" actually has multiple definitions, and one of them IS in fact, illegal.

In the real estate investing business, we've always used the word "flipping" to mean quickly reselling a property, whether in a wholesale deal or a fix-and-resell transaction.

But in the media, and in law enforcement circles, "flipping" has an entirely different meaning—it's a scam used to defraud banks.

Unfortunately, there are a lot of folks in the wider world that have heard about this "illegal flipping," not fully understood what that was, and just made the connection that "flipping" is "illegal."[26] Although the flipping scams have become very rare since the crash of the real estate market—the financing conditions, including easy money loans, "made as ordered" appraisals, and banks willing to turn a blind eye to faked documents aren't really around anymore—it's still relatively common for students to complain to me that their agent, or their friend at work, or a title company, told them that flipping was illegal.

An illegal flip usually worked something like this:

- One conspirator, the "straw man" buys a property for cash—say, $100,000
- He then contracts to sell to his co-conspirator at a huge markup—say, $200,000. Sometimes this step takes place over the course of several sales in several months—to buyer b, then c, then d to reach the full-price sale
- This buyer applies for bank financing at 80%-90% of the purchase price of the property, or $160,000-$180,000

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[25] *If your first thought upon reading this was, "People SHOULDN'T get paid for doing things for other people," please call me immediately. I'd like to be your employer.*

[26] *Which always makes me wonder what they think about the various "flip" shows on cable. Are they not aware of them? Or do they think they're white-collar crime dramas?*

- After the closing, the 2 conspirators often split the "profit" of $60,000-$80,000 created by the markup. In many cases, the mortgage goes into immediate default, as the entire purpose of the transaction was simply to create this cash profit; other times, the end buyer might keep the property for a while for the purpose of it being a "comp" for future, similar deals in the same area. In yet other cases, the purpose of the straw man is simply to jack up the price of the property to the point where the end buyer gets more financing on the property than he could had he simply purchased it for $100,000 from the original seller.

Illegal flipping always involves 2 things that the real exit strategies of wholesaling and retailing don't: a buyer and seller who are in collusion to defraud an institutional lender; and an institutional lender. Still, there are things about it that sound vaguely like wholesaling (for instance, the quick resale at a higher price without any improvements to the property), so for your edification (and so that you can explain to your misguided service providers and acquaintances that you're not embarking on a criminal enterprise), I've created a handy guide to explain the difference between wholesaling (which you do), retailing (which the guys on Flip this House do), and illegal flipping, which felons do.

	Straw-Man Flipping (This is the illegal one)	Retailing	Wholesaling
Purpose	Pass a property back and forth between multiple "straw man" buyers at increasingly higher prices, borrowing money from a bank at each new, higher price	Buy properties cheap, fix up fully, sell at full retail price to a qualified homeowner	Put properties under contract cheap, sell at well-below market price to a cash-paying investor buyer
Intended "Customer"	There is no customer—the intent is not to invest in or live in the property, but to pull as much cash as possible out of it by borrowing higher and higher amounts of money	A qualified home buyer	A sophisticated, experienced investor
Where the money to buy comes from	Generally, the straw man buys the property for cash, then sells it to a co-conspirator or a series of co-conspirators at a much higher price. The 2nd (and 3rd and 4th) buyers get bank loans with increasingly higher balances.	Conventional, FHA, or VA loans	Cash or private money
How Sale Price is Justified	By a "made as ordered" appraisal, which is one of the reasons this scam is rare today. In 2005, it was possible to pay an appraiser to justify just about any value for a property. Today, thanks to new appraisal regulations (and criminal sanctions against some of the appraisers involved in these scams), that's very difficult.	Conventional appraisal	Experienced investor makes own decision
Who's Being Bilked	The lender, which is unaware that it's making a loan to someone who has no intention of repaying it	No one	No one
Who Benefits	The conspirators, who split the "profits" and then default on the loan; often the mortgage brokers who were in on the deal as well	Seller, who gets rid of an ugly house; Buyer, who gets a fully fixed-up older home; Investor, who generally makes $20,000+ for his efforts	Seller, who gets rid of an ugly house; Buyer, who gets a profitable deal, Wholesaler, who gets paid $5,000+ for his efforts

Causes of Action	Bank Fraud; possible RICO violation	None	None
Result	Loss for the banks, vacant house for the neighborhood, often federal charges against buyer and "straw man" if caught	Happy homeowner	Happy investor/buyer

What's Really Going to Stop You From Wholesaling

You know the answer to that.

It's you.

I don't know everyone in the world who's ever tried to wholesale, but I struggle to think of ONE who really understood the basic skills you'll learn in this course, and who really spent real time doing the things that have to be done to find and close deals, who didn't do exactly that.

We all have challenges: time, lack of family support, fear of failure, fear of success, that we're women or people of color or too old or too young or not formally educated or immigrants or too analytical or not analytical enough.

If we become successful wholesalers or successful anything else, it's because we get over whatever our "thing" is and do it anyway.

You're not a successful wholesaler now. You may not be a successful ANYTHING now, or you may be a great dad or wife but have never had once minute where you felt like you had money or business or finances under control.

That's ok. The person who becomes the successful wholesaler won't be the same person you are now. She'll be more highly trained. She'll know things she doesn't know at the moment, and have confidence that you can't imagine right now, because she'll have experience you don't have. The successful wholesaler that is you won't be the you that's reading this.

My job isn't just to teach you to wholesale. It's to help you transform into that guy or gal who's a wholesaler. It's just as important, and even more of an achievement, for you to become the kind of person who can earn $100,000 this year wholesaling as it is that you earn $100,000 this year wholesaling.

Thanks for letting me take this journey beside you.