



Wholesaling School

Week 3: Finding Deals Part 1

This Week: Finding Offmarket Deals

Why lead generation is so important to wholesalers

What you'd do if you were serious about making a deal a week

The myth of deal-finding

This Week: Finding Offmarket Deals

“off-market” vs. “on-
market” deals

A bunch of ways to find sellers

A bunch of things to not
bother with because they
don't work

What's the difference between a wholesaler who makes \$25,000 a year and one who makes \$250,000 a year?





About 17 leads a week!

Mathematical Evidence:

20 qualified leads = one deal.

1 deal = \$5,000 after taxes and expenses

\$25,000 income = 5 wholesale deals

5 deals = 100 leads, or 1.9 per week

A \$250,000 = 50 wholesale deals

50 = 1,000 leads

1,000 leads = 19.3 per week

17 leads a week
difference!



No Deals, No Business

What You Need to Remember:

Lead generation is more important to a wholesaler than to any other real estate entrepreneur.

- Our “product line” = deals.

We have to do MORE deals than, say, a retailer, to make the same amount of money.

- No leads = no deals.
- No deals = no business



The Consistency Problem

THE CONSISTENCY PROBLEM

- ◇ **BIGGEST WHOLESALE FAIL:**
 - ◇ **No habits**
 - ◇ **no systems**
 - ◇ **No help**
 - ◇ **No something**
- ◇ **that allows them to consistently generate leads on potential deals.**

WHY THE CONSISTENCY PROBLEM EXISTS

1. Failing to do the things that lead to conversations with motivated sellers

2. Workflow goes from “deal-finding mode” to “deal-selling mode.”

3. Can't differentiate between high-leverage activities and time drains

Whatever the reason, the result is the same: inconsistent EFFORT in the arena of “deal finding” leads to inconsistent PROFIT for you.

#1 SUCCESS HABIT

Talk to 20 Motivated Sellers a Week.





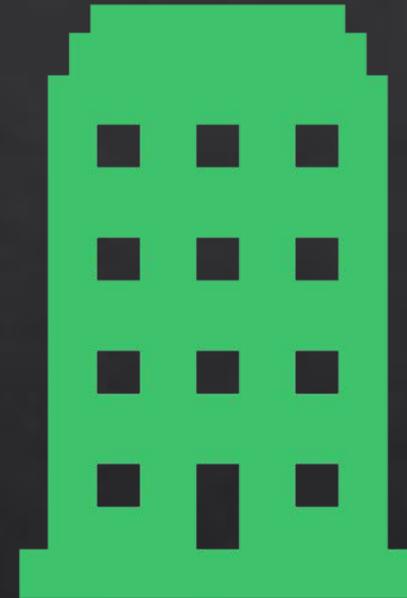
How do you find 20 motivated sellers a week? That's the question we're answering now.



The Deal-Finding Myth

THE DEAL-FINDING MYTH

◆ “I found a great deal on a house” is usually a lie



Reality:

- ◆ What I “found” was a motivated seller.
- ◆ Most deals start as BAD deals with motivated sellers attached.
- ◆ You MAKE them into good deals
- ◆ Deals are MADE, not FOUND.



It's All About the Motivated Seller

- ◆ What do you know about a typical seller of a house?



WHAT YOU KNOW ABOUT YOUR TYPICAL SELLER

- ◆ He's got a house he's taken decent care of, so a lot of different kinds of buyers (home owners, landlords, rehabbers) could all buy and make use of it
- ◆ He's not under any particular pressure to sell fast
- ◆ He has some use for the money he plans to get, so he wants to get as much as he can
- ◆ He often owes 80+% of the value of the property

THAT GUY IS NOT YOUR SELLER



YOUR MOTIVATED SELLER...

- ◆ YOUR seller doesn't just want to sell a house. He (or it) NEEDS to sell a house. Soon.
- ◆ Your best seller is willing to trade speed and ease for top price, every time.
- ◆ Your seller is the motivated seller.



On-Market vs Off-Market Deals

WHAT IS AN ON-MARKET DEAL?

- ◆ Advertised in places where people let the public know that they have a property for sale.
- ◆ If you can see them, so can your buyers, your competitors, and a whole host of end users.
- ◆ On-market properties tend to be a richer source of wholesale deals when the market is relatively 'cold'

Why Would a Motivated Seller Not Have a Property “On Market”?

- ◆ May have tried
- ◆ May have tried to try
- ◆ May literally not know how to go about uploading a picture to a website, and so get stuck in the technical process and give up.

THESE ARE OFF-MARKET DEALS

- ◆ While they may be more challenging, off-market deals are a wholesaler's bread and butter



On-Market Deals are Less Scary:

- ◆ You already know what the seller wants for the property before making an offer
- ◆ There's usually someone (a real estate agent) or something (a website) between you and the seller
- ◆ The offer-making process is more sterile
- ◆ The forms and contracts are almost always provided for you
- ◆ You don't have to ask hard questions

OFF-MARKET DEALS ARE ALL ABOUT YOU...

- ◆ YOU find the seller
- ◆ YOU reach out to the seller
- ◆ YOU find out what the seller's situation is and what he wants for the house
- ◆ YOU evaluate what you can pay
- ◆ YOU make that offer to the seller
- ◆ YOU provide the contracts
- ◆ YOU typically choose the title company and drive the closing process

THAT'S WHY YOUR BUYERS WANT YOU!

- ◆ It's BECAUSE of your willingness to do this (and your ability to evaluate the deal right) that you're so valuable to your buyers.
- ◆ **If you're NOT willing to do it, you might as well give up on being a successful wholesaler right now.**

But don't panic:

- ◆ It's not about personality, or innate skill.
- ◆ It's about education and, just as importantly, **PRACTICE.**
- ◆ Most people are nice
- ◆ Motivated sellers WANT your help.
- ◆ The faster you talk to 100 sellers the better

Getting Set Up to Do Off-Market Deals:

- ◆ Determining WHO is likely to have them
- ◆ Determining HOW you'll reach out to them
- ◆ Deciding how you'll handle the leads when they do come in (a topic we'll handle in Chapter 6)



WHICH IS THE BEST OFF-MARKET STRATEGY?

◇ It depends:

NO MATTER WHICH ONE YOU CHOOSE...

All of your lead-generating and deal-finding activities should have three things in common. They should be:

- ◆ Fairly easy for YOU to execute consistently
- ◆ Capable of generating significant numbers of leads over time
- ◆ Focused on reaching motivated sellers of the right kinds of deals

There are 2 kinds of off-market sellers

- ◆ Those who are involved in some sort of action or who have something in common, that make it easy to buy or create a “list” of such people.
 - ◆ Rifle marketing
- ◆ Those for whom there just is no list.
 - ◆ “Shotgun marketing”,



MARKETING WITH SPECIFIC STRATEGIES:
DRIVING FOR DOLLARS

DRIVING FOR DOLLARS

- ◆ The #1 best response rate
- ◆ Lots of them

Why Do Properties Vacant and Ugly?

- ◆ The owner died/is in a nursing home or assisted care facility
- ◆ The owner has moved out of town
- ◆ The owner is a landlord unable (or unwilling) to re-rent the property
- ◆ A rehabber ran out of time, money ,or patience before the job was done
- ◆ The owner is in financial trouble, and has no money to make any repairs the property might need to be rented or to sell for full price
- ◆ The owner is in foreclosure, or the property has already been foreclosed

HOW TO DRIVE FOR DOLLARS

- ◆ FIRST: Pick the right target area.
- ◆ Type 2 to 3 neighborhoods are the most productive.

HOW TO DRIVE FOR DOLLARS

- ◇ , with “address service requested” printed under the return address. If the owner lived in the house, and moved out less than 18 months ago, and left a forwarding address, the post office will send you back a postcard with the new address on it. This costs \$.50 IF the post office has a new address. In addition, the post office will also forward your letter or postcard if the owner left a forwarding address and moved within the last 12 months. Of course, if the owner never lived there at all, you’ll just get your mail returned as undeliverable

MORE TIPS ON DRIVING FOR DOLLARS

- ◆ **If the property turns out to be institutionally owned, treat it differently.**
- ◆ **If the property is still occupied, and appears to be owner-occupied from the tax rolls, be careful what you say.**
- ◆ **Be prepared to answer the question, “How did you find me/my property?” or “What makes you think my house is for sale?”**

Finding Missing Owners

- ◆ FIRST: check the tax rolls

Another 25% or so can be located in free or cheap ways, like:

- ◆ Searching the tax rolls for the seller's NAME.
- ◆ Sending letters to the owner at the vacant property
- ◆ Talking to the neighbors of the house about where the owner might be
- ◆ Google and social media
- ◆ Checking the court records in the county

Finding Missing Owners

- ◆ Pay for a skip trace
 - ◆ TLOxp or BeenVerified.com

ESTATE SALES

- ◆ Properties where the sole owner has died
- ◆ Property is now in the hands of an executor or administrator
- ◆ Notevery heir or representative is motivated to sell but there are certain things that TEND to be the case in estates that make them worth pursuing.

ESTATE SALES

1. They tend to have a lot of equity
2. They tend to be in decent shape mechanically, but very outdated cosmetically
3. Because of the length and complexity of the probate process, the heirs and their representatives tend to be fairly motivated to sell quickly by the time it's over with.

PROBLEMS WITH ESTATE SALES

- ◇ There are generally two processes by which an estate property is disposed of:
 - ◇ The property is sold from the estate and the money given to the heirs
 - ◇ You'll only have to deal with the executor or administrator
 - ◇ The property is passed to the heirs
 - ◇ you'll have to get the signatures of ALL heirs before you can get clear title.
- ◇ These deals take longer than other!

HOW TO MARKET TO ESTATES

There are 3 different options for marketing to estates, all of which can be used simultaneously

- ◆ OPTION 1: Contact the executor/administrator/personal representative.
- ◆ OPTION 2: Option 2: Work with Attorneys Who Settle the Estates.

OPTION 1: WORKING WITH EXECUTORS

Be	sensitive.
Know	that you ARE helping.
Even	so, expect the occasional angry phone call.
Make	sure the estate actually has real estate in it before you make contact.
Time	your contacts carefully.
Know	that this is a long-term strategy.

OPTION 2: WORKING WITH ESTATE ATTORNEYS

TIPS FOR WORKING WITH ESTATE ATTORNEYS

1. Finding them is easy.
2. Understand the benefit to the ATTORNEY is different
3. Remember the gatekeepers

OPTION 3: WORK ESTATE PROPERTIES AFTER THEY'VE BEEN PUT ON THE MARKET

- ◆ MLS has a special code for estate sales that your agent can search by
- ◆ Auctioneers, upon request, will notify you by mail and email of upcoming auctions.
- ◆ The problem with this strategy by itself is, of course, competition.

A photograph of a distressed concrete floor with a green plant in the foreground. The floor is light-colored with numerous dark spots and stains. A dark object is visible in the top left corner, and a grey baseboard is at the bottom. A green plant with large, lobed leaves is in the bottom right corner.

DISTRESSED PROPERTY LISTS

DISTRESSED PROPERTY LISTS

Most cities, town, village, municipality, etc. keeps lists of distressed properties:

- ◆ **Lists of properties with outstanding building code violations**
- ◆ **Lists of properties with outstanding health code violations (most of these will be commercial properties, but some will be rental houses)**
- ◆ **Lists of properties condemned by the city (meaning they have been ordered to be kept vacant until outstanding violations have been fixed)**

DISTRESSED PROPERTY LISTS

Tear-down lists

Lists of properties that have had fires, but have not been torn down

Lists of property owners who have been ticketed for trash/weed violations

Lists of properties for which a “vacant building permit”

DISTRESSED PROPERTY LISTS

- ◆ City involvement motivates owners
- ◆ Getting your hands on lists is often easier said than done.
- ◆ They are sometimes spread out amongst a number of different individuals or departments, and are not “published” in a single, super-accessible place.
- ◆ Be patient and never hesitate to ask for a supervisor— the information that you’ll ultimately get will be a goldmine of potential deals.

HOW TO WORK DISTRESSED PROPERTIES

Info is often very bare-bones

Use a property data service or your county auditor's online service to eliminate vacant land, commercial properties, etc.

Then simply send a letter to the owner asking if he's interested in selling.

TIPS FOR WORKING DISTRESSED PROPERTY LISTS

- ◆ Don't take "no" for an answer.
- ◆ Many owners of properties on these lists have pretty much abandoned them.
- ◆ Some will be so bad that "value", according to your usual formula, is negative.
- ◆ The more hostile the code enforcement is, the more motivated the owners will tend to be.
- ◆ Remember: the violations go with the property.



FRUSTRATED LANDLORDS

I like frustrated landlords as sellers because:

1. If they're burnt out, their properties are neglected, and those ugly properties are my bread and butter.
2. They understand very clearly that I need to make a profit,
3. On the whole, they tend to have more equity than other sellers



FRUSTRATED LANDLORDS

A lot of frustrated landlords will turn up on distressed property lists and as the owners of vacant, ugly properties. There are 2 other ways of finding them, as well:

OPTION 1: keep your eyes peeled for set-outs.

FRUSTRATED LANDLORDS

◆ **OPTION 2:**

Market to eviction court dockets.

TIPS FOR
WORKING
FRUSTRATED
LANDLORDS

Tailor the message to the seller



If the property still has tenants in it, there's an extra piece of due diligence to complete.



Don't pass up the opportunity for owner financing.

OUT OF TOWN OWNERS



OUT OF TOWN OWNERS

WHAT YOU SHOULD KNOW:

- ◆ Out-of-town owners used to be produced primarily by job transfers
- ◆ Now they're buyers in expensive markets on the east and west coasts.
- ◆ Whatever the situation, there tends to be a relatively high percentage of motivated sellers among the out-of-town owners in any given area.

HOW TO WORK OUT OF TOWN OWNERS

Buy a list.

Understand that this is the one kind of seller who may not be able to give you the information you want.

You'll do more to get these deals under contract and closed than you would with a local seller.

Tax Delinquencies

- ◆ EASY list to get...
- ◆ Narrow to people who are more than 1 payment behind
- ◆ And not vacant land etc
- ◆ Many are “junk”, but..
- ◆ Don't mention that you know they're behind in your mailings
- ◆ Mailing or calling is good

What About...

- ◆ Absentee Owners
- ◆ Foreclosures
- ◆ Divorces
- ◆ High Equity Owners



GETTING THE PHONE TO RING:
PART 2

SHOTGUN ADVERTISING

Shotgun advertising is called “shotgun” because it is NOT targeted at any particular seller or class of sellers, other than those who own ugly houses. Unlike direct mail, where you’re sending a postcard or letter because you already KNOW what might be motivating the owner to sell, shotgun advertising does not address specific problems but rather lists general benefits.

SHOTGUN ADVERTISING

ALL SHOTGUN ADVERTISING MUST FOLLOW CERTAIN RULES TO BE EFFECTIVE.

For instance:

1. It's usually a short message—no more than a dozen words or so—and therefore needs to be concise, to the point, and totally free of jargon.
2. It needs to be specifically written to emphasize what you want (ugly houses) and the benefits to your potential customer (quick sale).

HOW TO WORK SHOTGUN ADVERTISING



BANDIT SIGNS

PROS: Many wholesalers swear by their “telephone pole” signs—small (18"x38" or so) corrugated vinyl or coated cardboard signs that they screw to telephone poles in target areas.

CONS: These signs are officially illegal almost everywhere, and although some municipalities enforce this regulation much more stringently than others, they are bound to generate angry calls from official type people if you have enough of the signs around.

YARD SIGNS

- ◆ Yard signs are basically the same exact things as bandit signs, but planted in the ground using metal “H” stakes. Put them in your yard, your friend’s yards, and the yard of any property you might have for sale. Make sure that however you intend to use your signs, they have no more than 7 words on them (phone number counts as one word), that they are high contrast (red on white, black on yellow) and that the print is large enough to read from 12-20 feet away (the average distance between your sign and a car).

CAR SIGNS

- ◆ While driving around looking for (or at) properties to buy, why not let your car be a traveling billboard? Large (2' x 3') flexible vinyl magnets can be purchased for \$30-\$50 per pair. They're effective, legal, and cheap. If you use these, though, be prepared to be stopped at traffic lights, chased down in parking lots, and otherwise scared to death from time to time.

WEBSITES

PROS:

Do they get responses? Yes, if they appear somewhere in the first page of Google in a search for obvious keywords like “sell my house.”

CONS:

- ◆ Maintaining an effective website can cost upwards of six figures. Most real estate companies have at least 1 full-time employee or contractor who constantly jockey their position on the front page, and you really can't compete with that.
- ◆ Unless you set up a BUNCH of websites, specifically optimized and aimed at different types of sellers, your site is going to contain a generic message that you buy houses in all sorts of areas and conditions, and then try to “convert” the visitor by getting him to give you information about his situation.

BUSINESS CARDS

- ◆ Business cards can be a wholesaler's best friend! (If you do them correctly).
- ◆ Every wholesaler should have a business card specifically for their wholesaling business.
- ◆ It should be neat, un-crowded, and to the point.
- ◆ The message "I buy houses, all cash, any condition" plus a name and phone number is perfectly sufficient.
- ◆ Never try to combine your wholesaler's card with a card for your "real" job - "Fred Smith, Oral Surgeon, I Buy Houses," etc.
- ◆ Try to hand out as many of your cards each day as possible.

Homework for the Week

Download this here or at
regoddess.com/wholesalewithvena

PW VenaRocks18

1. Read the written material identified as
“chapter 4”

Homework for the Week

2. Download and complete the homework

Turn in Your Homework at

WholesaleSchool@gmail.com