



Wholesaling School

Week 4: On-Market Deals

Important Announcements for This Week

- ◆ New Saturday Q&A
- ◆ Inner circle issues
- ◆ Working on more detailed “finding ARV” information
- ◆ Wholesale Academy special for WSS attendees: \$500 for 1, \$1000 for 2

About Wholesale Academy

- ◆ August 23-26 in Cincinnati
- ◆ Usually \$2497 for 1, \$2,997 for 2
- ◆ FULL DAY property inspection/estimating tour
- ◆ LIVE seller calls, comparing property evaluation
- ◆ Meet the “team” (acquisitions coordinator, attorney, IRA custodian etc)
- ◆ Hire a VA
- ◆ Full day on “repair for equity” deals

About Wholesale Academy

- ◆ LIMITED TO 90 PPL (bus size)
- ◆ If you've already bought it, PLEASE email sara to say you're coming! sara@therealestategoddess.com
- ◆ If not, regoddess.com/wholesalecincinnati
- ◆ **Coupon codes**
- ◆ one person: Vena1
- ◆ two people: Vena2

Re-attend for \$199

THIS WEEK: FINDING ON- MARKET DEALS

WHAT YOU'LL LEARN:

- What's SO different about on-market deals
- How to navigate MLS, Hedge fund, REO, Auction deals
- Why JVs aren't a good idea
- How to Build a Deal-finding Machine

WHAT'S BETTER?

- ◆ Finding deals in the MLS/Auction sites/etc. Or getting sellers to call you?

Better?

- ◆ Off-market deals put YOU in control
- ◆ But Off-market deals:
 - ◆ Require no marketing
 - ◆ Are more sterile
 - ◆ Don't require so much of your involvement



FOR EVERYTHING, THERE IS A SEASON.

**THAT'S WHY BOTH METHODS ARE WORTH
UNDERSTANDING.**

WHICH DEALS ARE ON-MARKET
DEALS?



ON-MARKET DEALS ARE

- ◆ Properties listed with an agent, commonly called “MLS properties”
- ◆ Properties listed with various public online auction sites such as Auctions.com, Hubzu, Hudson and Marshall and so on
- ◆ Properties for sale by hedge funds like Econohomes and Vision properties and listed for direct sale to the public
- ◆ Properties offered for sale by HUD and VA

- ◆ Properties offered for sale by non-bank institutions like FNMA, FHLMC, and USDA
- ◆ Properties being sold at seller-directed on-site auctions including estate auctions
- ◆ Properties being sold at lender-directed auctions including sheriff's sales, commissioner's sales, trustee's sales, and receiver sales (all of which are foreclosure auctions)

- ◆ Properties being sold at government auctions including IRS sales, Department of Treasury Sales, and Marshall's sales
- ◆ Properties listed "for sale by owner" on various sites
- ◆ Properties for sale by wholesalers

THE BAD NEWS ABOUT ON-MARKET DEAL:

- ◆ Earnest Money
- ◆ “Proof of funds”
- ◆ THEIR purchase agreement.
- ◆ Limited inspection period
- ◆ Possible non-assignment agreement
- ◆ The penalties for putting a property under contract, then not closing it, can range from not too bad to really severe.



Pursue these deals if you have:

- ◆ The money (or partner money) to put up for earnest money
- ◆ Proof of funds (or partner proof of funds) showing they can buy the property (even though they may not intend to do so)
- ◆ Strong evaluation skills
- ◆ Strong buyer's lists

AGENT-LISTED PROPERTIES

PROS:

- ◆ MORE distressed properties for sale than in any other source
- ◆ Properties are definitely “for sale”
- ◆ Properties can be easily searched by various keywords and tags that
- ◆ Most listings contain a lot of information about the property

- ◆ Sellers pay the commissions to the agents
- ◆ Most bank-owned properties are only available through MLS
- ◆ Most bank-owned properties are only available through MLS
- ◆ SOMETIME agents are as motivated as their sellers to get ugly listings, especially in border zone neighborhoods, sold.

CONS

- ◆ Lots of competition for good deals
- ◆ In “Hot” markets, competition is very high
- ◆ Must have an agent or be an agent to get full access
- ◆ Must use your agents’ contract or the board’s contract to make offers—might not be assignable

- ◆ Agents often encourage sellers to demand proof of funds and larger earnest money deposits
- ◆ No ability to directly contact the seller
- ◆ Re-accessing the property to show it to buyers before closing can be difficult
- ◆ Limited inspection period
- ◆ Your buyer may find the property 'pending' in MLS at a much lower price than the one at which you're offering it

THIS STRATEGY
IS BEST USED
WHEN:

You have access to cash or funding to
CLOSE deals and resell them, rather than
assign them

You have access to cash for earnest
money

The market is slow, and there's less
competition for the easy-to-find
properties in MLS

HOW MLS-LISTED PROPERTIES ARE WHOLESALD



OPTION ONE:

Work with a Buyer's Agent

- ◆ This is an agent who works FOR YOU
- ◆ You are NOT the typical agent's ideal client.

TIPS FOR WORKING WITH A BUYER'S AGENT

- ◆ Find a newly-licensed agent
- ◆ Spend some time training
- ◆ **Make the showing/offering process as easy for your agent as you can**
- ◆ Expect that you might end up having to audition a series of buyer's agents
- ◆ Above all, treat a good buyer's agent well.

OPTION TWO

◆ **Become an agent yourself!**

WHY GET A REAL ESTATE LICENSE?

- ◆ Convenience
- ◆ Not having to work with someone else's schedule
- ◆ Easy access
- ◆ Commission (usually 1 ½ - 2½% after the broker takes his share) on any properties you buy.
- ◆ Removes any lingering fear you might have about “needing a license” to wholesale houses.

WHY NOT GET A REAL ESTATE LICENSE?

- ◆ Cost
- ◆ Time
- ◆ Disclosure
- ◆ Won't teach you to be a better wholesaler
- ◆ Procrastination

TIPS ON BECOMING AN AGENT

1. Get the right broker.
2. Walk the line.
3. Find out what it takes to become a broker in your state, then do those things.

OPTION THREE

- ◆ Work with listing agents directly.

ADVANTAGES

- ◆ He gets “both sides” of the commission
- ◆ Access to “pocket listings” that aren’t in MLS at all.
- ◆ Listing agents tend to know a LOT more about the situation and the seller’s motivation than your buyer’s agent does
- ◆ Dealing with lots of listing agents means that you’ll occasionally get referred deals that the agent doesn’t want to list.

◆ Warning: more and more of them don't want to work with buyers at all, even on their own listings.

TIPS FOR WORKING WITH LISTING AGENTS

1. This is a long-term strategy
2. In the meantime, nurture your relationships with agents.





BANK-OWNED PROPERTIES (REOs)

HURDLES WITH REOs

Restrictions on resale.

Restrictions on who can buy.

Penalties for closing late—
but only if it's your fault.

HOW TO WORK REO PROPERTIES

1

Pay careful attention to the seller addendum.

2

Focus on listings that are out of the “First Look” period, and already priced under market.

3

Be ready to make a lot of offers.

4

Expect a slow response—and a rejection or a counter, never an initial acceptance.

5. The key to success in getting REO properties to wholesale is FOLLOW UP.

6. Another hint: November and December are the best times to make offers on REOs.

7. Watch the clock—and do everything in writing.





BULK BUYERS

What Bulk Buyers Are

- ◆ Hedge funds or private equity funds
- ◆ Buy entire packages of REOs or Defaulted notes at pennies on the dollar
- ◆ Sell off some or all
- ◆ Examples: Econohomes, vision properties, dozens of others
- ◆ Cyclical, like the banks they buy from

Where to Find Them

- ◆ Their own websites (VIPhomeshop.com. Econohomes.com)
- ◆ Craigslist
- ◆ Signs
- ◆ How they hold title

FOR SALE

[Redacted]

AS LOW AS

\$500⁰⁰

DOWN

\$83⁰⁰

/MONTH

10% IR, 10% APR, 48 mos

Summary

Parcel Info

summary

Assessments

Incidental

Property Info

Improvements

Commercial

Resale

Value History

Payments

Image

Assessment Payoff

Map

Property Report

Search By

Parcel ID

Name

Street Address

APNs

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Auditor's Home

Parcel ID	Address	Index Order
179-0075-0334-00	1019 WINFIELD AVE	Street Address

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

Sales

Property Information	Owner Information	Mail Information
WINFIELD AVE 50 X 120.16 PT LOT 4 GABRIEL ZOLLERS	Call 946-4015 if Incorrect EH POOLED 412 LP 1901 W BRAKER LN 0300 CHANDLER, TX 75758 USA	Call 946-4800 if Incorrect EH POOLED 412 LP 1901 W BRAKER CHANDLER, TX 75758 USA

Board of Revision	No	Other Assessments	Yes
Rental Registration	No	Front Ft.	\$0.00
Homesite	No	Min Land Value	2,000
2.5% / Stadium Credit	No	Case Value	0
Divided Property	No	Min Impv Value	\$20
New Construction	No	Min Total Value	2,520
Foreclosure	No	Total TIF Value	0
Date	6/12/2012	Abated Value	0
Conveyance #	25938	Exempt Value	0
Sale Amount	\$2,640	Taxes Paid	\$0.00
# of Parcels	1		

[See Payments Tab For Details]



Dusty Rhodes, Hamilton County Auditor

Search By Owner...

Search By

[Parcel ID](#)
[Owner](#)
[Property List](#)
[Street Address](#)
[Sales](#)
[View](#)
[Advanced Search](#)

Site Functions

[Comments](#)
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Current Owner	Parcel ID	Address	Property Description
EN P00600-252 LP	471-0019-0012-00	245 HARVEST LN	245 HARVEST LN 99.0
EN P00600-402 LP	098-0002-0040-00	1915 CLARION AVE	1915-17 CLARION AVE
EN P00600-412 LP	178-0027-0044-00	720 GRAND AVE	720 GRAND AV 50 X 15
EN P00600-413 LP	179-0074-0085-00	1247 FIRST AVE	1247 FIRST AVE 25
EN P00600-412 LP	179-0079-0114-00	1019 WENFELD AVE	WENFELD AVE 50
EN P00600-412 LP	203-0028-0186-00	1877 KNOX ST	1877 KNOX ST 25
EN P00600-412 LP	206-0009-0029-00	2706 ORLAND AVE	ORLAND AVE 45
EN P00600-412 LP	224-0000-0007-00	2285 BALTIMORE AVE	NEW BALTIMORE PLOT
EN P00600-412 LP	224-0000-0023-00	2283 BALTIMORE AVE	2283 NEW BALTIMORE
EN P00600-412 LP	243-0001-0064-00	8483 ANTHONY WAYNE AVE	8483 ANTHONY WAYNE
EN P00600-811 LP	481-0000-0121-00	2044 DALE RD	60 DALE AVE 3.126 AC
EN P00600-812 LP	116-0000-0046-00	4664 HONELL AVE	HC NEIL AVE 24.
EN P00600-711 LP	049-0000-0084-00	3017 MELROSE AVE	MELROSE AV 33 X 141
EN P00600-711 LP	178-0022-0080-00	896 BEECH AVE	896 BEECH AVE 40
EN P00600-711 LP	178-0028-0011-00	240 ELBERON AVE	240 ELBERON AVE 30

Search performed

on 8/23/2012 2:21:00 PM

with Owner = EN P00600



Summary

 Street Address
1 of 1

Parcel ID	Address	Index Order
205-0021-0077-00	1839 FORBUS ST	Street Address

Tax Dist	001 CNTY CORP-CNTY CSD-001110	Year Built	0
School Dist	1 CINCINNATI CSD	Total Rooms	0
Land Use	500 Residential vacant land	# of bedrooms	0
Finished Square Ft	0	Full Bathrooms	0
Acreage	0.089	Half Bathrooms	0
Appraisal Area	SOUTH FAIRMOUNT 03600 SOUTH FAIRMOUNT		

[Sales](#)

Property Information

FORBUS ST
30 X 130
PT LOT 66 J F FORBUS 2ND

Owner Information

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

Mail Information

Call 946-4800 if Incorrect
RV HOLDINGS LLC
1112 PRICE AVE
COLUMBIA, SC 29201 USA

Board of Revision	No	Other Assessments	Yes
Rental Registration	No	Front Ft.	30.00
Homestead	No	Mkt Land Value	630
2.5% / Stadium Credit	No	Cur Value	0
Divided Property	No	Mkt Impv Value	0
New Construction	No	Mkt Total Value	630
Foreclosure	No	Total TIF Value	0
Date	4/25/2012	Abated Value	0
Conveyance #	33897	Exempt Value	0
Sale Amount	\$16,895	Taxes Paid	\$12.88
# of Parcels	4	[See Payments Tab For Details]	



Dusty Rhodes, Hamilton County Auditor

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Current Owner	Parcel ID	Address	Property Description
RY HOLDINGS NINE LLC	060-0003-0044-00	839 RIDGEWAY AVE	839 RIDGEWAY AVE 40
RY HOLDINGS NINE LLC	179-0077-0110-00	4546 WIDLAND AVE	4546 WIDLAND AVE 30
RY HOLDINGS NINE LLC	181-0004-0186-00	1900 SUNSET LN	SUNSET LN 40
RY HOLDINGS NINE LLC	204-0413-0015-00	1629 WINDON AVE	1629 WINDON AVE 50
RY HOLDINGS NINE LLC	208-0021-0077-00	1839 FORBUS ST	FORBUS ST 30

Search performed

on 8/22/2012 2:29:44 PM

with Owner = RY HOLDINGS



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Search By Owner...

- Search By**
- Parcel ID
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RY HOLDINGS NINE LLC	208-0021-0077-00	1839 FORBUS ST	FORBUS ST 30

Search performed on 8/22/2012 2:29:44 PM with Owner = RY HOLDINGS

GOOD THINGS ABOUT BULK BUYERS

- ◆ Easy Access to properties and let you show them to yourself
- ◆ Don't get insulted by lowball offers
- ◆ Often sell their properties at LESS than the price they've assigned to it in the public record
- ◆ Usually no non-assignment agreements don't care if you wholesale their deals

◆ They'll give you even bigger discounts if you can buy several of their assets at once.

CHALLENGES WITH BULK BUYERS

- ◆ **Quality of the deals they offer depends on what they can get, and how easy it is for them to sell it.**
- ◆ **There is no inspection period and there are no contingencies**
- ◆ **The closing process is not what you're used to.**
- ◆ **These companies nearly always transfer ownership through a quit-claim deed**

More Challenges

- ◆ **They transfer their properties subject to all back taxes, liens, and title issues**
- ◆ **You may be asked to accept a “trailing deed”.**
- ◆ **You’ll have to accept a certain “Cowboy Mentality”**
 - ◆ **Messy paperwork**
 - ◆ **Lost closing docs**
 - ◆ **Double sales**

TIPS FOR WORKING BULK BUYER PROPERTIES

Don't make offers unless you have the cash to close or a medium-term funding source.



Understand that the quality of the stock these companies have vary with their latest purchase.



When a new package becomes available, jump on it.



If you're asked to sign a non-circumvent or non-disclosure agreement before you can even see what properties are for sale, you're not dealing directly with the seller.



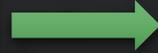
FOR SALE BY
OWNER LISTINGS

What they Are

- ◆ Unrepresented properties
- ◆ Listed on Craigslist, Zillow, FSBO.com, signs in yards etc
- ◆ Some are wholesaler deals
- ◆ Many are ppl who owe too much to pay an agent

TIPS FOR WORKING “FOR SALE BY OWNER” LISTINGS

DON'T BE A
CHICKEN



FOLLOW UP



Auction

Saturday 22 April 12:30pm On Site

A blue-chip blank canvas opportunity on an 1200sq block

Features include

- Four bedrooms

AUCTIONS

AUCTIONS
COME IN 2
FLAVORS:

Absolute auctions (also
called “Without
Reserve”)

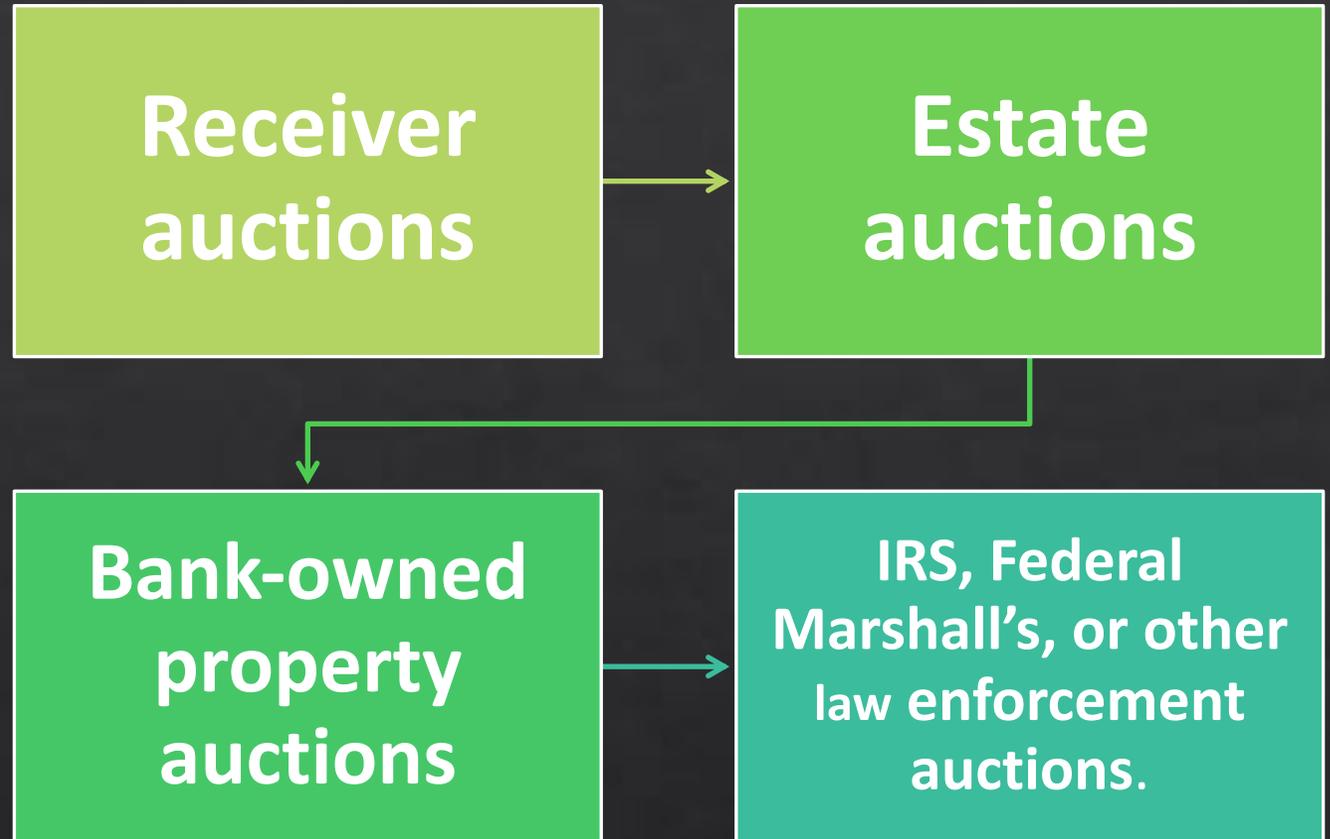
Auctions with reserve.

AUCTIONS HAPPEN IN 2 SITUATIONS

When the seller has multiple properties he, or it, needs to get rid of quickly

When a creditor or court forces an auction to collect on a debt or to liquidate the property in order to satisfy as many creditors as possible.

THE MOST COMMON AUCTIONS



HOW TO WORK AUCTIONS

1

Avoid “auction fever.”

2

Make sure you understand the terms of the auction before you bid.

3

Don’t bother to attend auctions of “retail” condition properties.



REFERRALS FROM OTHER INVESTORS

It's smart to let people know...

- ◆ That you want leads uglier than the ones they do

A man with a beard, wearing a maroon shirt and carrying a grey jacket over his shoulder, stands with his back to the camera, looking at a whiteboard. To his right, a woman with long red hair, wearing a green top, is also looking at the whiteboard. The whiteboard is covered with various diagrams, including a large red letter 'Z', a grid of letters and numbers (Q R S, Y Z 1, 7 8 9), and a flowchart with boxes and arrows. There are also some orange sticky notes on the board.

Co-Wholesaling (Wholesale JVs)

What they are

- ◇ When one wholesaler has the deal
- ◇ And another one has the buyer

Practical Problems

- ◇ Other wholesalers have trained their buyer's list wrong
- ◇ Other wholesalers have bad contracts
- ◇ Other wholesalers have different policies about how and to whom they'll sell

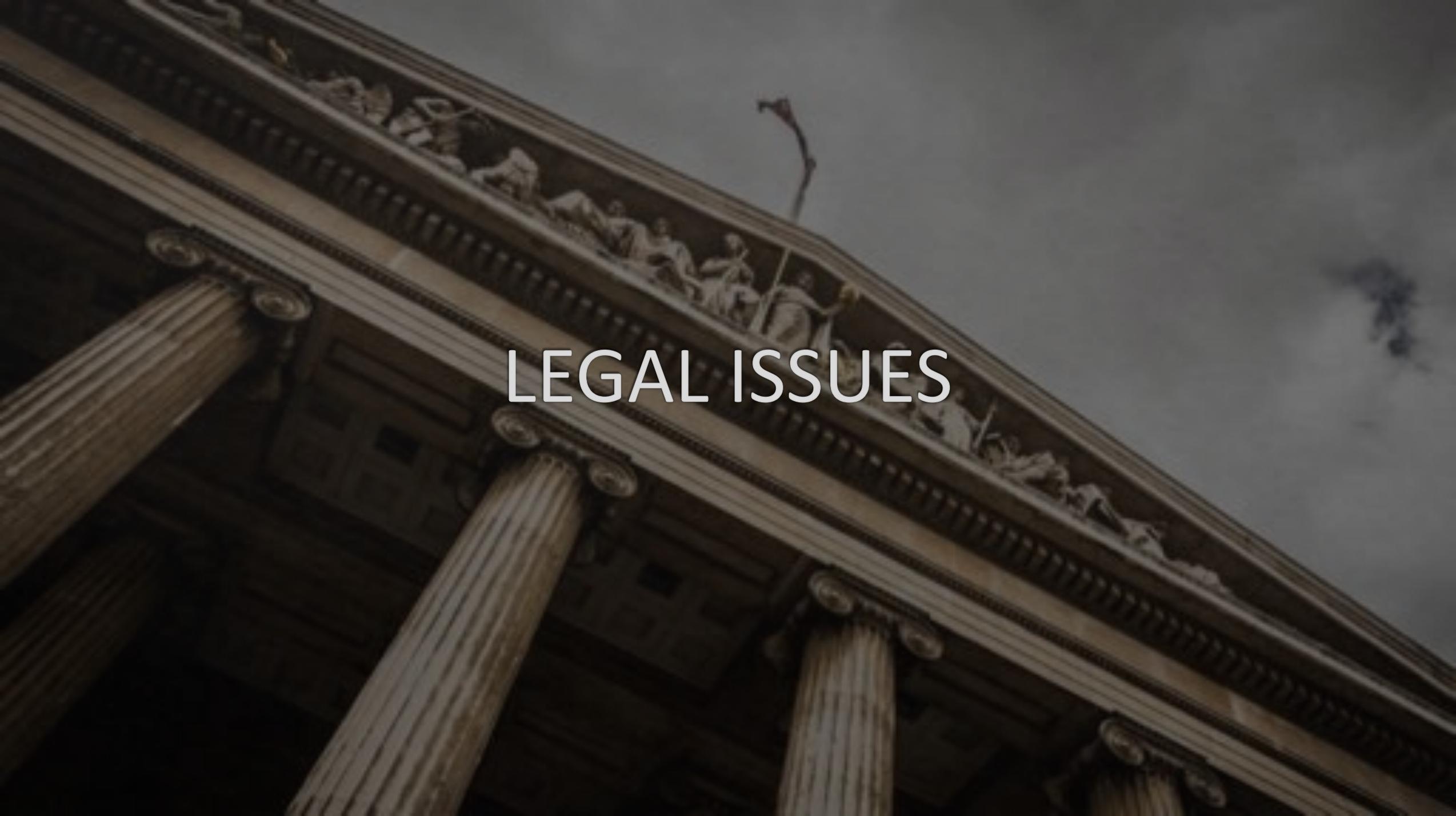
CREATIVE SOLUTIONS

- ◆ What I've tried to solve this:
- ◆ Offering to have the buyer escrow his money with HIS attorney, agent, or title company
- ◆ Telling wholesaler B that he was free to do whatever he wanted with my deal—as long as he paid my fee up front and closed it first
- ◆ Explaining to wholesaler B, up front and in writing, what my policies are and that I wouldn't be willing to break them for him or his buyers

ETHICAL
PROBLEMS:



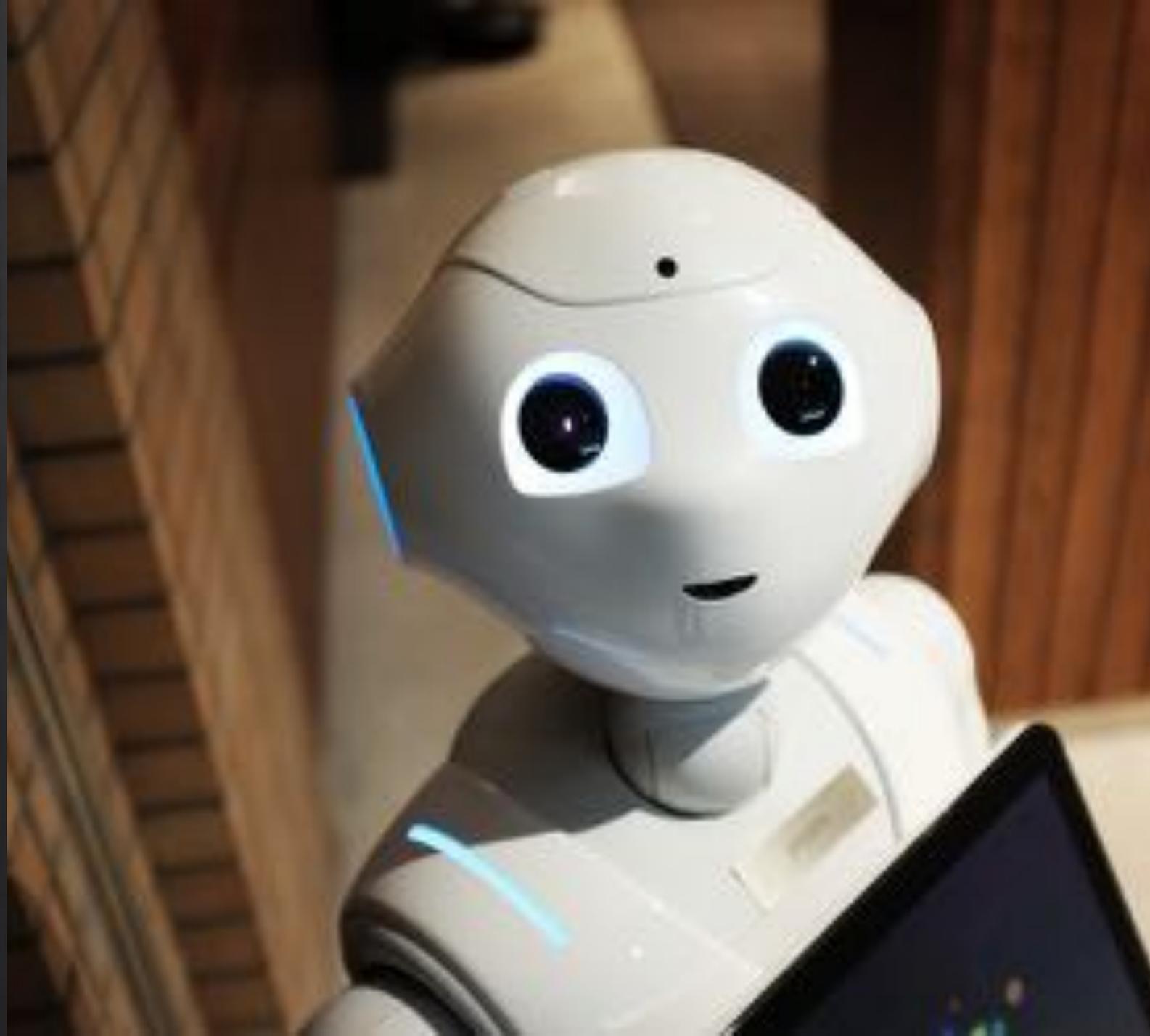
- ◇ Will your co-wholesaler will say or do things that run counter to your principles.
- ◇ Wholesaler B wants to raise the price of your deal to his buyer, usually keeping the difference for himself.

A low-angle, dark photograph of a classical building facade, likely a courthouse or government building. The image shows several tall, fluted columns supporting a heavy entablature. The pediment above the columns is filled with intricate relief sculptures. The sky is a dark, overcast grey. The text "LEGAL ISSUES" is centered in a white, sans-serif font, overlaid on the middle of the image.

LEGAL ISSUES

- ◆ The law says that you are not allowed to procure, sell, or lease real estate for others for a profit for another person unless you have a real estate license with your state (with some exceptions for w-2 employees).
- ◆ This means that you can't get paid for finding a buyer for someone else's contract, and a buyer can't pay you for finding a contract for him, unless you're a licensed agent.

BUILDING A
LEAD-
GENERATING
MACHINE



YOUR LEAD-GENERATING MACHINE

- ◆ When you add together all the lead-generating activities that you perform day after day, the result is what I like to call your “lead generating machine.”
- ◆ It’s a machine because the parts work together to produce the product—leads.
- ◆ The steps to building your lead-generating machine are as follows:

- ◆ Choose 3-5 ways of finding the cheap, ugly properties
- ◆ List the activities that are going to help you locate possible deals
- ◆ Schedule a MINIMUM of 5-10 hours EACH WEEK to engage in these activities.
- ◆ Each week, keep a list of the things you've done, letters you've sent, contacts you've made, and so on.
- ◆ When you're lead-generation machine is perfected, pay someone else to run it for you.

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Homework

1. Mail your driving for dollars list
2. Also talk to 5 other sellers
3. Point is to use the interview form
4. There are instructions about what to do if you accidentally find a deal on the written homework

Regoddess.com/WholesaleWithVena password VenaRocks18