Chapter Four
How to Find the Deals Part 1: Off-Market Deals

What You'll Learn in This Chapter

1. Why lead generation is so important to wholesalers
2. The one thing you would do if you were serious about making a deal a week
3. Why "deal finding" is a myth
4. The difference between 'on-market' and 'off-market' leads
5. What makes a good lead generator, and how to choose the right ones for YOUR business
6. The best sources of off-market leads for wholesalers
7. A bunch of things to not bother with because they don't work

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

A: About 17 leads a week.

Wanna see the math? It goes like this:

- Most wholesalers (and other real estate entrepreneurs, for that matter) report that it takes about 20 qualified leads to find one deal.
- In most of the U.S., the median wholesale fee is around $10,000. You'll only keep half of this after taxes and costs.
- Thus, a $25,000 annual wholesale income means you did 5 wholesale deals, which means you got100 leads, or about 1.9 leads per week.
- A $250,000 annual income means you did 50 wholesale deals, which means you got 1000 leads, or about 19.3 per week.

17 leads a week is the difference. Yep, it's that simple—the more good, qualified leads you generate, the more deals you'll find. The more deals you find, the more you'll close. And the more you close, the more money you'll make.

No Deals, No Business.

Consistent, effective lead generation is more important to a wholesaler than to any other real estate entrepreneur.

Why? Because our entire "product line", if you will, consists of nothing but deals. We don't provide housing, like our buyers do, or get ongoing income from each deal, like many of our buyers do.

Add to that the fact that our typical payday is much lower than that of some of our buyers (albeit with less risk, monetary investment, and time spent), and we just have to do MORE deals than, say, a retailer, to make the same amount of money.

Without leads to work with, we have no deals. Without deals, we literally have no business. Without LOTS of deals, we don't have the kind of business that leads to a high income and eventual financial independence.

The Consistency Problem

Perhaps THE most common failing among new wholesalers is that they don't have habits, or systems, or help, or SOMETING in place that allows them to consistently generate leads on potential deals.

One problem is that they simply don't do the things, or do ENOUGH of the things, that lead to regular conversations with, or offers to, motivated sellers. They might make a huge effort to generate leads one week, then none the next. Or they might do a tiny bit each week, and wonder why the 2 sellers they talked to weren't ready to sell for pennies on the dollar.

Another is that that a typical wholesaler's work flow cycles between deal-finding mode and deal-selling mode. When a property goes under contract, they stop looking for leads until they work the deal through to closing; the result is that, when the deal is done and the check is cashed, there's no next deal, and thus no next check, in the pipeline.

And a third problem is, of course, that they just don't understand which activities—marketing, cold calling, driving for dollars, looking at listed properties, etc.—are high leverage and which are wastes of time in a particular phase of the market cycle. That's a big chunk of what this chapter, and the next, deal with.

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

Except during the depths of a full-on market crash (NOT a recession like there was in 2001, but an end-of-cycle depression like in 2007, when deals were literally lying around just waiting to be picked up, and the challenge was finding buyers for them), you'll ALWAYS spend more time on lead generation and making offers than on any other single aspect of your business.

If you want to support yourself month after month, you'd better have the discipline to enact your lead generators day after day—or the foresight to systematize what you're doing and outsource it to someone whose job it is to make sure that the lists keep getting generated, the mail keeps going out, the ads stay posted, and the leads keep coming in.

In fact, if there were a single habit that you could get into that would nearly guarantee you a 6-figure income wholesaling, it would be this:

Talk to 20 Motivated Sellers a Week.

If you did this each and every week, you'd practically be assured that, even if you let some of the offers fall through the cracks, and even if you didn't follow up like you should with the semi-motivated sellers, you'd STILL put somewhere between 30 and 50 marketable deals under contract in the next 12 months. And if you can't make a living on what's left over after you pay the taxes and expenses related to, say $300,000 a year in income, I'd suggest you move out of San Francisco.

The tricky part of that statement, and the question to be answered here, is **"What has to happen for me to find 20 motivated sellers a week, or for them to find me?**" If you can answer that question, then implement the answer, you'll kill it in wholesaling.

The "Deal Finding" Myth

Sometimes in the real estate business, our own language trips us up.

A great example is embodied by this sentence: "I found a great deal on a house."

To a brand-new wholesaler, that statement can be misleading, because it sounds a little bit like there was this deal sitting there, and I found it. Maybe I turned over a rock or 2 in the process, but the deal was, you know…there. Just waiting for me to come find it.

So the wholesaler sets out to also "find" a deal like that. Looks at Craigslist. Combs through Zillow. Asks a few sellers what they want for their property. Doesn't "find" a deal that looks anything like that crazy low-priced deal I said I "found."

And that's because "I found a deal" is almost always a huge understatement about what actually happened.

The reality is, most of the time, what I "found" was a motivated seller. The deal? I MADE that.

At this point, between wholesale deals, rental deals, lease/option deals, mortgage deals, all the deals, I've probably closed in the vicinity of 1,000 deals. And it's been a tiny fraction of these (I'd guess 20 or less) that were already deals when they came to me. In other words, deals where the seller simply said, "I want this price and these terms", and I said, "That sounds pretty good, let's do that."

Here in the real world, the vast, vast majority of the deals you do will come to you as BAD deals with motivated sellers attached. You MAKE them into good deals by examining them, evaluating them, and then telling the seller what you can ACTUALLY do for him. It's almost never what he ideally wants. It's almost never what he says he has to have. It's a deal you MADE, not a deal you FOUND.

It's All About the Motivated Seller

One major key to deal finding is understanding that there's no deal, ever, for anyone, without a motivated seller.

Think about your typical seller of a piece of real estate. What do you know about him, even without meeting him? Well, in general:

- 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

In short, he doesn't NEED to sell, he WANTS to sell.

He's not your seller.

YOUR seller—whether it happens to be a "guy" or a "bank" or "government agency" (like HUD or FNMA)—doesn't just want to sell a house. He (or it) NEEDS to sell a house. Soon. And without doing too much to it. Because, often, it needs stuff done to it.

Your best seller is willing to trade speed and ease for top price, every time. Your seller is a motivated seller.

On-Market vs. Off-Market Deals

When most buyers of real estate go searching for a property to buy, they look in places where people (and institutions) let the public know that they have a property for sale.

Deals advertised in these ways are "on-market"; they're definitely for sale, the proposed terms of the sale are usually advertised along with at least some details about the property, and, as you might guess, there's a fair amount of competition for them. After all, if you can see them, so can your buyers, your competitors, and a whole host of end users.

For this reason, on-market properties tend to be a richer source of wholesale deals when the market is relatively 'cold'—that is, when there are more sellers than buyers in the market to begin with. In a buyer's market, semi-motivated sellers (like banks, who aren't in the business of owning properties, but who do want to recover the most they can in a sale, but who don't want to pay for months of years of holding costs while they wait for top dollar) get a lot MORE motivated.

We'll talk more about on-market properties and how to deal with them in the next section.

But something that a lot of non-real estate professionals don't know is that, at any given moment, many motivated sellers aren't actively advertising—or effectively advertising—that they want to sell their property.

Why?

In some cases, they've done so in the past, didn't find a buyer, and have come to the conclusion that there IS no buyer for their property.

In other cases, they literally don't know how to go about uploading a picture to a website, and so

get stuck in the technical process and give up.

Some keep meaning to get a sign in the yard, or call an agent, or get over there and clean out the house like the agent said they had to, but because something is going on in their lives, don't get around to it week after week, and month after month.

These are off-market deals. In some ways, they're more challenging than on-market deals; in some ways, they're more rewarding. But in a hot market—one where competition for on-market deals starts to get to the point where no matter how fast you move, some idiot outbids you—off market deals are the wholesaler's bread and butter.

The Bad News About Off-Market Deals

One reason that your buyers are anxious to write you big checks to step into the deal that you've created is that you're willing to do something that a lot of them aren't willing to do: deal with real, live human beings, with all of their irrational emotions[1], wishy-washy thinking, and illogical decision-making.

In a lot of ways, making offers on on-market properties is a LOT easier: 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, so that you don't have to have conversations directly with the seller; the offer-making process is more sterile (you write an offer, it gets accepted or rejected, no one ever cries at you because you offered too little for their childhood home); the forms and contracts are almost always provided for you (or foisted upon you, if you want to look at it that way); you don't have to—or even get to—ask hard questions like, "How much do you owe?"; and you don't usually select the title company or do much to set up the closing.

On the other hand, off-market deals are mostly driven by 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

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.

Now, before you say, "Why did she wait to tell me this until I was 4 chapters in?? I have no idea how to do any of these things, plus I'm super-shy and not cut out to tell people things they don't want to hear!" let me give you a bit of encouragement:

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[1] *For real, who gets OFFENDED by an offer on their house? I mean, you CALLED me and asked me for an offer on your house! You should be offended if I DON'T make one!*

Doing each of these things, and doing them well and often, isn't a matter of personality, or innate skill.

They're a matter of education and, just as importantly, PRACTICE.

No one seems to believe this when I say it[2], but I wasn't good at ANY of these things when I started wholesaling. I never wanted to tell a seller that what I could pay was less than what he wanted. I was barely able to ask them key questions like, "Why do you want to sell?" I was so terrified of other human beings and how they might react (Get mad? Yell? Insult me?) that it was only the fact that I had no job and would starve to death without deals that kept me going.

Over time, I discovered something about people in general and motivated sellers in particular that you'll find out, too. Some people are just crazy, and you could do everything they want and they'd still hate you for it. Most people are nice, and even if you tell them something they don't want to hear, they just politely say no.

And motivated sellers WANT your help. They ask for it, and they're usually grateful even when it turns out there's nothing you can do for them.

Want to be as confident about this as I am?

Talk to 100 sellers who you believe have some reason to be motivated. The faster you can do this, the faster you'll be convinced that I'm right. And the faster you'll realize that when you do get a crazy, surly, angry person on the phone, it's not fatal, but something that you can let roll off your back.

Getting Set Up to Get Off-Market Deals

Off-market deals don't just show up at your doorstep. It's a process to plan and implement an off-market deal strategy; one that includes:

1. Determining WHO—that is, what kind of seller—is likely to have them
2. Determining HOW you'll reach out to them (in other words, mail, bandit signs, websites, cold calls, social media, or some combination of the like)
3. Deciding how you'll handle the leads when they do come in (a topic we'll handle in Chapter 6)

When you think of off-market deals, you probably think in terms of "lists" or "lead sources" or perhaps "seller types"—pre-foreclosures vs. probates, for instance.

And one of the first questions you'll probably ask yourself is, "Which is best"? Like all great real estate questions, the answer is, "It depends."

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[2] *Though my partner will happily, cackling-ly relate any number of "Vena was so awkward when we started" stories, if you want to hear them.*

Each of these lead-generators has its pros and cons in terms of cost, effectiveness, and potential complexities inherent in the kind of deals you'll get from that strategy. Probate deals just tend to be more complicated than deals where the owner is still on this side of the ground. Short sales require a friendly real estate agent, and enormous amounts of paperwork, and the patience of a saint.

Some work better in hot markets, some work better in cold markets.

As a wholesaler, you'll ultimately use multiple methods to find deals, and you'll pick those methods based partly on personal preference, partly on your personal resources (avoiding those that are likely to require high earnest money deposits or quick closings, if you don't have access to money, for instance), and partly on the availability of data (in some areas, it's very easy to get information about things like who's inherited a property; in others, it's nearly impossible).

But all of your lead-generating and deal-finding activities should have three things in common: they should be:

1. Fairly easy for YOU to execute consistently
2. Capable of generating significant numbers of leads over time[3]
3. Focused on reaching motivated sellers of the right kinds of deals

Of all of the possible ways you'll hear about in the real estate world to find or generate leads, it's just the case that not all of them generate the TYPE of leads you need, or in the numbers that you need, or at a cost per lead that you can afford.

For this reason, our discussion of deal-finding techniques will be limited to those that I, and my students, have found to be most productive in finding wholesale-type deals.

Off-Market Deal Sources

When you begin to think about off-market deals, you quickly come to the conclusion that there are 2 basic kinds of potential sellers.

The first kind consists of those sellers who are involved in some sort of legal action or who have something in common, that makes it easy to buy or create a "list" of such people.

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[3] *This one deserves further comment, to wit: at least a dozen times a year, one of my top-level coaching students comes to me with a new lead-generating idea that, while creative, isn't likely to generate a lot of leads for the cost and complexity of implementing it. Off-the-top-of-my-head examples include the student who made a deal with her local pizza delivery place to put "I buy houses" flyers on all the pizza boxes they delivered; the one who set up a special website for elderly people looking to move out of their homes and into assisted living (if you can't see the problem with this right away, think about whether your grandmother went online to find someone to whom to sell her house); the one that spent $15,000 on billboards that turned out to be in rental areas where the primary readers of those billboards were tenants, not owners; and the one who made Burma-shave type bandit signs that had to be read in sequence—which means they all had to remain in place to make sense (OK, that last one was me). I salute the creativity, but encourage you to think about HOW MANY potential sellers of the type of property you want are likely to see, and respond to, your expensive, cool, creative marketing before you get obsessed with it.*

For example, sellers in foreclosure are subject to a lawsuit that's a matter of public record in every state. You can easily find every seller in foreclosure in your county via a visit to the courthouse, a look at the court's website, or by buying that list from any of the innumerable providers around the country who are happy to aggregate it and sell it to you.

On the other hand, the last seller I talked to was one whose father had recently passed away, but because he had a trust, no estate was ever filed. The guy happened to use the same printer I do, and was there one day when some of our business cards were rolling off the press, and asked for one, and called me. Other than the chance interaction with my "advertising", I never would have run across this guy—at least not until he listed his house on the MLS.

In the former case, where it's easy to identify people in a particular situation by the dozens or hundreds, your most effective way of reaching out to them is some form of what we call "rifle marketing"—mail, or emails, or social media messages, or even calls that contain messages that directly address the seller's situation and probable concerns about it.

In the latter case, where there just is no list, you'll use "Shotgun marketing", which is more general, publicly-posted advertising like bus benches, bandit signs, and car signs.

Let's deal with the types of sellers who should be reached out to with specific messages first.

The Very Best Way to Get Deals: Driving for Dollars

When I talk about wholesaling at associations around the U.S., an attendee invariably asks the question, "If I have a limited budget for marketing, and I need to make a deal fast, what should I do?", and I always give the same answer: drive for dollars.

In neighborhoods in cities and towns all over the country, there are hundreds of properties that, for one reason or another, have become vacant and rundown to the point where they are noticeably worse than other homes in the area—and yet are not listed with an agent, advertised for sale, or otherwise apparently "on the market." Behind each and every one of these properties is a potentially motivated seller— and behind many is a deal for you.

Properties get vacant, and ugly for a number of reasons, the most common being:

- The owner has passed away, or has gone into a nursing home or assisted care facility
- The owner has moved out of town
- The owner is a landlord who has been unable (or unwilling) to re-rent the property
- The owner has purchased another house, and been unable to sell the one he moved out of
- The owner bought the property with the intention of renovating it, but 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 on and is part of the infamous "shadow inventory" that's bank-owned, but not on the market

If I was dropped into a strange city stripped of all my marketing, my buyer's list, everything, and then told that my dog Minion would be killed if I didn't make a deal in 30 days or less, the first thing I'd do is join the local real estate association, and the next thing would be to drive for dollars. If you'll just find these properties, and track down the owners, and send them a note expressing your willingness to buy if they'd like to sell, this method has the highest response rate and the highest success rate of any marketing I've ever used.

How to Drive For Dollars

First, pick the right target area. What you're looking for are properties that are obviously vacant, or that are not vacant but are clearly very distressed. Many real estate entrepreneurs make the mistake of targeting neighborhoods that are way too nice to have a lot of vacant or ugly properties, or where the vacant houses are hard to locate because the neighbors mow the lawn, shovel the snow, pick up the trash and so on.

Type 2 to 3 neighborhoods are the most productive. If you're not stopping every 1-2 minutes to write down an address, you're in the wrong type of area. You should be able to get 50-100 promising-looking addresses in a 3-hour driving for dollars session.

More Tips for Driving for Dollars

1. **Either mailing or cold calling is an effective way to reach these sellers.** If mailing, something as simple as a 'yellow letter' or postcard is fine. You don't have to mention that you identified the property because it was ugly, just that you noticed it and are interested in talking about buying it, if they are interested in selling it.

2. **Use this as an opportunity to call properties that are available for sale or rent, as well;** In addition to being a great way to get deals, driving for dollars is a great way to learn about rents and asking prices for listed properties in neighborhoods in your city. And when you see a house for rent sign, in addition to asking the owner what the rent is, ask him if he'd sell. 80% will say yes.

3. **Be prepared to answer the question, "How did you find me/my property?" or "What makes you think my house is for sale?"** This is a pretty common question among these prospects, and sometimes knocks wholesalers for such a loop that they answer something like, "Well, it was really ugly." A better answer is something like, "I was in the area looking for houses to buy, and I noticed yours, and just wondered if you wanted to sell it."

4. **If the property turns out to be institutionally owned, treat it differently.** Sending a postcard to Bank of America or HUD isn't likely to get a response. If it's a small, local bank or a private equity fund or similar, track down the phone number and just call them and see what they want to do with the house.

How to Find Missing Sellers

So here's what's going to happen when you drive for dollars, or develop lists from public record, or even buy them: the owner's mailing address will be the same as the property address, despite the fact that the property is clearly vacant. That's probably why "How do you find sellers when the county doesn't have the right address for them?" is among the 10 most common questions in real estate.

Here's what you should find: about 60% of the owners of vacant, ugly houses are easy to track down just by looking in your county's tax rolls and finding out where the tax bill is being mailed. If it's going to a PERSON (not a bank or a tax service like CoreLogic) and that address is different than the property address, it's probably correct and you should try mailing to it.

You can find another 25% or with a little research that's free or cheap, like:

- Searching the tax rolls for the seller's NAME. If the empty house was a rental, it's likely that the owner owns a personal residence in the same county or an adjoining county, and you can locate it in a name search of the rolls.
- Talking to the neighbors of the house about where the owner might be.
- Sending letters to the owner at the vacant property, 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.
- Using Google and social media. Does the owner have a Facebook page? Own a business? If so, you'll find it by Googling the owner's name
- Checking the court records in the county, if they're easily accessible. I find a lot of owners by entering their names in the Clerk of Courts website. Often, they've been involved in a divorce, a foreclosure, or even something as simple as a traffic ticket—and the court's site has their correct mailing address in its records

If none of these methods work, you'll have to face the question of, "To pay, or not to pay?"

There are practically endless services online that claim to be able to get you detailed information on anyone—for a fee. Sites like Intellius and people finder typically don't come up with any useful information that I can't find myself in the public record.

However, there are slightly more expensive services that pull data from credit information and are scary-accurate. Most of these require a subscription and some need to come examine your home office to insure that you have property security in place, but they're almost 100% accurate in coming up with addresses, phone numbers, and even next-of-kin when it turns out that the owner is deceased. TLOxp and BeenVerified.com are examples of these truly accurate sites; they both require you to sign an agreement saying that you won't use the information to market to customers, though.

Estates/Probates

Properties that are "in estate"—that is, where the sole owner has died and the property is now in the hands of someone whose job it is to make sure that the creditors of the estate are paid off and that the property and assets are divided as the decedent, or the law, wants —often fit the bill in terms of properties that you can successfully wholesale.

Depending on where you live in the country, the person in charge of the estate may be called the executor/trix; the administrator/trix; the personal representative, or the surrogate.

While not every heir or representative is motivated to sell, or motivated to sell cheaply, or even has an ugly house they're dealing with, there are certain things that TEND to be the case in estates that make them worth pursuing.

1. They tend to have a lot of equity, because the owner was old enough to have nearly paid off the mortgage.
2. They tend to be in decent shape mechanically, but very outdated cosmetically—a good combination for your rehabber/buyers. Cosmetic work is relatively cheap and easy, so if the mechanics have already been updated, it's an attractive deal for rehabbers at the right price.
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.

On the other hand, there are some complications that are unique to estate sales that you'll have to learn to deal with if you're going to work them successfully. For instance:

1. **There are generally 2 processes by which an estate property is disposed of**. If the owner had a will, that will states that the property will either be sold from the probate estate and the money split amongst the heirs, or that the property will be deeded from the estate to the heirs, who can then chose to sell it or keep it. If the owner died intestate (that is, without a will), the property is almost always sold before probate is closed, and the money distributed among the heirs.

In either case, if the property is to be sold from the estate, the court sends an approved appraiser (usually a real estate agent) to determine a value for the property. These appraisers commonly do "drive-by appraisals" that value the property at significantly more than the interior condition of the property would actually support. The problem for YOU is that the executor or administrator is not allowed to sell the property for LESS than some percentage of the appraisal—usually 80% or so. If the property is over-appraised to begin with, and you want to pay less than market value on top of that, your offer will almost never be within 20% of the appraisal.

However, what many executor/administrators don't know (that you should be ready to tell them) is that they can go back to the court and ask the judge to allow them to sell the property to you at the price you've offered—and the judge will usually agree.

2. **If the owner, through his will, caused the property to be passed to the heirs, you'll have to get the signatures of ALL heirs before you can get clear title**. Unfortunately, this means that they

ALL have to agree on your offer. Often, you'll find that the heirs are feuding , and that one is willing to let the property rot and collapse before he/she will agree to sell. Sometimes, as a third party, you can get the signature that the other brothers and sisters can't—but generally, fighting siblings means no deal.

3. **In many estate cases, there is an attorney intimately involved with the process of selling the property**. If the heirs or representatives are looking to the attorney to do everything from approve the contract, to advise them on the price, you can expect your simple contract to be rejected (or made a lot more complex); you can expect the attorney to advise his client against selling at a low price (even if he's never seen the property, has no earthly idea what the condition is, and has no alternative plan for them); you can expect the attorney to get upset when you assign the contract. Not all attorneys, but enough that you'll start to think that they interfere with, rather than enhance, the process.

4. **Be aware that these deals, by their nature, take significantly longer come to fruition than those from some other lead sources**. Probate is a legal process that takes months under the best of circumstances. Anything from delays in the filing of paperwork, to complexity within the estate (like heirs that can't be located) can slow the process down enormously. When this is the case, the heirs or representatives you contact may not respond until they see the light at the end of the settlement tunnel—or, they may call you, agree to sell you the property, then not actually be able to close for months. For this reason, you should always write your purchase agreements to say that the closing date will be 30 days or less from the date of the approval by the court to sell, or 30 days or less from the date of transfer of the property to the heirs. Otherwise, you might find yourself in the position of having "sold" a contract that won't be able to close for a while; if your assignee gets impatient, you'll have to return his assignment fee.

How to Market to Estates

Probate cases are legal filings, generally filed in their own separate probate or surrogate court. If you're lucky, your county's probate court will have full online access, or a local legal paper will exist that gets you access to the basic information you need.

If you're less lucky, you'll be able to go to the courthouse and look up information on a "dumb terminal" by date or by bringing obituary information with you and pulling the cases by name.

If all else fails, and what you have is a surly government employee guarding the "jackets" (the physical files) and insisting, that not only do you have to have the first and last name and middle initial of the decedent, but also his social security number and even then, you can only look at 5 jackets a day, you'll have to make do with Inherited Properties (see below).

There are 3 different ways to work estate properties, all of which can be used simultaneously.

Option 1: Contact the executor/administrator/personal representative. This is the person appointed by the will (or the court, if there was no will) to settle the estate and distribute the assets to the heirs. If you've ever been an executor or executrix, you already know that it's a long, difficult, thankless, red-tape filled job. The executor—who is often also an heir—is probably the most motivated person in the transaction by the time the dust settles, because he's just plain sick of the whole thing.

The names and addresses of executors can be found in the probate case files, which are often online or published in your local legal paper. They should always be contacted by mail, not by phone.

If you choose to work with the executor:

1. Be sensitive. Even executors who seem fine over the phone are prone to burst into tears when showing you their parent's or grandparent's house. And you'll find that some of the deaths that led to the property being in estate are truly heart-wrenching: the toughest for me are when it's a PARENT settling their CHILD'S estate. Do whatever you can to make the process as painless for the heirs and executors as possible. For instance, if the executor indicates that none of the kids have been able to tolerate removing the remaining personal property from the home, offer to take it "as is" and donate "stuff" to charity.

2. Know that you ARE helping. Many wholesalers are uncomfortable pursuing estate properties as possible deals because they envision writing a letter that conveys the message, "Hey, heard grandma's dead, let me buy her house!" But when approached correctly—with a message that expresses your condolences and offers to help without pushing—executors are often grateful to have the opportunity to sell "as is" without having to wait months MORE for the property to sell on the open market.

3. Even so, expect the occasional angry phone call. Every month or 2, I get a call from an executor who wants to yell at me for daring to offer to buy the property. This generally happens when the executor is the spouse of the deceased, and plans to continue to live in the property. For this reason, I try to filter out the estates where the heir is the husband or wife. I find this information in the probate records, as well.

4. Make sure the estate actually has real estate in it before you make contact. You're going to look silly—and sort of uncaring—if you send out a bunch of letters to executors who have no real estate to sell you. Again, the inventory of the estate is available through the probate records.

5. Time your contacts carefully. Don't drop a letter in the mail the day after the probate case is opened—not only will the loss of the executor's loved one be too fresh, but it'll be months yet before he gets permission from the court to sell the property. Similarly, don't send mail every week—it will start to look like harassment. Send the first piece of mail about 6 weeks after the will is filed and subsequent pieces 6 weeks apart.

6. Know that this is a long-term strategy. If you started contacting executors today, you'd be unlikely to even see a property for several months; and even when your offer is accepted, it can take several MORE months for it to grind its way through the system to a closing.

Option 2: Work with Attorneys Who Settle the Estates. Unless the decedent was a very sophisticated and knowledgeable estate planner, almost every estate ends up going through probate. And because the probate process is practically impossible for a normal human being to decipher, most estates end up being handled by an attorney.

Some attorneys "specialize" in handling estates, but most attorneys will, at some point in their careers, settle at least one. The reason? Estates are, compared to many other types of cases, very profitable to handle. Although most states regulate the maximum amount that the attorney can be paid, these

maximums are usually fairly generous. And in many cases, they're based on a percentage of the assets, which means that the lawyer doesn't get paid until–you guessed it–the assets are sold. Most people's primary asset when they die (other than their life insurance) is their home.

Contacting key attorneys in your area via phone, networking, and mail[4] can lead to many successful wholesale deals for you. The biggest advantages to working with the attorneys themselves are that: a) they can influence the heirs, but have no emotional attachment to the property themselves, b) they have a direct interest in getting the properties sold, and c) if the attorney handles many estates, he can be the source of multiple deals for you over the years.

Tips for Working with Estate Attorneys

1. Finding them is easy. Google "Probate Attorneys [your city]," and you'll find a ton. Better yet, check out your local legal newspaper (if there is one) under "wills presented" or "probate" and note the names you see over and over. And don't forget to give your business card to every attorney, paralegal, legal secretary, and so on that you meet.

2. Understand the benefit to the ATTORNEY in calling you, and market accordingly. When the attorney perceives that an estate property will be difficult to sell because of its condition or location, he begins to wonder when and how he'll get compensated. **Be sure to emphasize in your marketing that you're most interested in "ugly" properties, and that you can close fast.** Remember that you're not talking to the actual heirs here, but to a service provider. Also, don't make the mistake of offering to pay the attorney for sending you leads—it's against their code of ethics to accept money from YOU for referring you to their clients.

3. Understand that this method of marketing has a relatively low response rate, but the attorneys who do respond can be the source of multiple deals over time. Once an attorney has contacted you, do whatever it takes to keep him contacting you. Remember, these folks also deal with people in bankruptcy, foreclosure, divorce, legal trouble, and so on—which means they can be excellent resources over the long term. Anytime an attorney calls me about a deal—whether I end up buying it or not—I follow up with a gift basket and a thank you note. I almost always get a call from them telling me that they can't accept a gift from me—then informing me that their office staff has already eaten all the fruit and brewed all of coffee. Perhaps not surprisingly, lawyers rarely receive thank you gifts—it makes a huge impression, and practically guarantees that they'll remember you NEXT time an ugly property crosses their desks.

Option 3: Work estate properties only AFTER they've been put on the market. Unless the heirs decide to keep a property, or unless it sells during the probate process, the home is eventually going to end up listed with an agent or at a private auction. The MLS has a special code for estate sales that your agent can search by, and almost every auctioneer, upon request, will notify you by mail and email of

[4] *Mailing to attorneys carries a basic challenge: they have gatekeepers who sort and filter their mail. If you want to make CERTAIN that your message lands on the desk of the attorney, you're going to spend some money on sending something they're sure to keep. Like what, you ask? Like a personalized mug. Like a tiny squeeze stressball house with your phone number on it. Yes, it's LOTS more expensive than a postcard, but since a single attorney can be the source of multiple deals over multiple years, it can be worth the money.*

upcoming auctions.

The problem with using this strategy by itself is, of course, competition. Once a property is exposed to the public in this manner, ANYONE can find and buy it—including your under-educated, over-paying colleagues. Your preferred method of dealing with sellers should always to be a buyer's market of one!

Inherited Properties

You might wonder how inherited properties are different than probate properties. The answer is simple: probate properties are still in the active phase of probate; inherited properties have cleared probate and are already owned by the heir or heirs.

An inherited property remains so until the heirs sell it, which can be days, months, or years after the property passed to them. Which is why the list of inherited properties in your county is so much larger, at any given moment, than the list of probate properties.

The nice thing about inherited properties is that, in most areas, it's fairly easy to buy a list. USLeadsList, ListSource, and Listability all claim to sell such lists.

Because the probate is closed (and in some cases, long closed) in these cases, a simple "Sell your house" letter or postcard—even a yellow letter—is appropriate with these.

This list will not be as responsive as a probate list, typically. An heir who's owned their inherited property for 5 years isn't necessarily any more motivated to sell it than a typical seller. When I get deals from this list, the reason is usually that 5 kids inherited the house, and 1 of them has been living in it for 3 years, and the other 4 are sick of paying for little sis to live for free.

That's what makes this list worth mailing.

Distressed Property Lists

Did you know that practically every city, town, village, municipality, etc. in the United States keeps lists of distressed properties? Depending on where you live, these lists might include:

- 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)
- Tear-down lists (some of these properties actually are "beyond repair," but many cities now have state or federal funds earmarked for tear-downs, and are so anxious to spend them that they'll tear down houses in near move-in condition if they're vacant long enough and the owner doesn't respond to demands to board them up)
- Lists of properties that have had fires, but have not been torn down or repaired (some cities escrow a portion of the insurance settlement until the property has been fixed or leveled)

- Lists of property owners who have been ticketed for repeated trash violations on the property (most of these will be vacant lots, but some will be rentals with really bad tenants)
- Lists of properties for which a "vacant building permit" has been purchased, in areas where this is required

Needless to say, properties that appear on these lists are potential deals for you, both in that they are distressed and that the owners may be motivated, if only because The Man is hassling them.

Although these lists are (like most other records kept by the government) accessible by the public, getting your hands on them 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. In my experience, one or more visits to City Hall (or the health department or municipal building or wherever) are usually necessary to finally obtain the information you're looking for.

During your City Hall adventure, you'll probably meet a number of bureaucrats who really don't feel like it's their job to go out of their way to get you what you want. 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 Lists

Since the various distressed property lists you'll receive will generally have only the most basic information about the properties— usually just the address, owner's name, the address to which notices are being mailed, and perhaps the nature of the violation— you'll have to do quite a bit of research on your own in order to determine which owners are worth contacting.

First, you'll need to use a property data service or your county auditor's online service to eliminate the properties that are vacant land, commercial properties, apartment buildings, and properties that are in war zones. Depending on how long the property has been "on the list", you may discover that it's been sold or transferred, and you'll need to update the ownership information.

Once you've narrowed down the list to the properties that are worth your attention, simply send a letter to the owner asking if he's interested in selling. It's not necessary to tell them how you heard about their property—as a matter of fact, hearing that you researched their name at the county courthouse freaks a lot of people out. The basic message should be, "I've been looking at properties in to buy for investment, and I ran across yours at _____. Are you interested in selling it?" and continue the conversation from there.

Note that most of the owners that you talk to will be landlords and other investors. Very few homeowners ever end up on one of these lists, no matter how run down, rat-infested, or generally ugly their home is.

Tips for working distressed property lists:

1. Don't take "no" for an answer. Over and over, I work with coaching students who try this

strategy and get stopped when the city bureaucrats inform them—often rudely—that there is no "list." This is, on the face of it, ridiculous. Code enforcement is required by law to notify property owners BY MAIL that they are being cited/fined/called into housing court or that their property is about to be torn down. Thus, somewhere in that department, there MUST be a list—otherwise, how are the owners being notified? Another common reaction is, "We don't give that list out." Wrong again. It may not be their HABIT to give that list out, but since building code violations are CRIMES in most areas, cities are not ALLOWED under the Freedom of Information Act (FOIA) to keep the lists "secret." You may have to remind your friendly neighborhood bureaucrat of that fact, and you may even have to threaten a FOIA request to get the list.

2. Many owners of properties on these lists have pretty much abandoned them. People don't usually let profitable properties get into a condition where they end up on a tear-down list. You'll find that a lot of these owners have MAJOR personal problems, or owe way more than the property is worth, or got so sick of dealing with them that they just walked away. Furthermore, a lot of owners don't even know what the real condition of the property is—they often haven't been inside for years[5]. If you have a particular interest in a particular property and the owner won't respond to calls or mailings, try sending him an offer (subject to inspection, of course)–this might spark the interest of an owner who's given up altogether.

3. If you live in "flyover country", this is where you'll find properties that are in SUCH bad shape that the "value", according to your usual formula, is negative. In some markets, there's no such thing as a property–or even a vacant lot–that's worth less than $200,000. But where most of us live, it's possible to find a property with an after-repaired value of $60,000 that needs $50,000 in work, and has back taxes of $14,000. There are circumstances under which a deal like that could still be made, and successfully wholesaled, but with a $14,000 debt that can't be "shorted" and paid off for less, this isn't one of them. We'll talk about the ones that CAN be made in the "making the offer" section.

4. The more aggressive and hostile the code enforcement structure of a city is, the more motivated the owners will tend to be. One little city within the Cincinnati City limits requires a yearly "occupancy permit" for all landlords and another whenever a property is sold. An owner who doesn't comply is called into Mayor's Court and fined; if he doesn't appear for his hearing, his driver's license is suspended and a warrant is issued for his arrest. If orders are issued on his property and he doesn't complete them within the allotted time—and get the re-inspection—he's called into court and fined. If he still doesn't comply, he's sentenced to 1 week in jail and a $10,000 fine PER OFFENSE (and each separate building order is one offense). What's more, the inspectors in this city don't just issue citations for the usual health and safety violations—I was once cited because *the carpet in one of my rental units was too threadbare*. Seriously.

In cities like this, investors sometimes buy properties without understanding what they're in for. When they find out, they become motivated to sell. When threatened with jail time, they become MORE motivated to sell.

If you're asking the natural question, "Who would buy in a city like this?" the answer is that the rules

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[5] *Occasionally, an owner calls me from a mailing, ready to give away his property—and when I go to look at it, it's already been torn down. This always leads to a very interesting follow-up call. Some owners are furious; some couldn't care less.*

don't apply equally to every owner. Owners who are "friends" with the inspectors, or contributed to the mayor's election campaign, or whatever, aren't held to the same short timeframes, sometimes don't get orders at all, or are given various other breaks on the usual rules. These folks—and there are typically lots of them—are the ones who will buy these deals from you.

5. Remember: the violations go with the property. This means that your buyer will be taking on any orders, deadlines, and so on along with the property itself. Make sure that your seller has fully disclosed all of the orders—including whatever paperwork fully documents the extent of the work necessary to satisfy them. If he can't or won't, you'd better. It's not fair to your buyer to assign a contract without full disclosure of what he's getting into.

What About That "Vacant Property List" I Read About on the Internet?

Several companies are selling what they call a nationwide list of vacant and abandoned properties. Their claim is that they use a combination of utility and post office data to identify properties that are vacant and abandoned.

Having worked with a number of mentoring students who invested in these lists, I have to say that I'm skeptical.

The very idea that these companies have inside information from the thousands of government monopolies that are the utility companies strains credulity. Yes, it's possible to get data from the post office when someone moves, but 'someone moved' does not equal 'property is vacant.'

But the key thing that makes me suspicious is the results of contacting this list; most of the people I've worked with have found that most of the calls they get are from landlords who own properties that might have been vacant for a minute between tenants, but are generally performing. What's being sold seems to be more of an absentee owner list (which isn't a great list) than a true vacant property list.

Frustrated Landlords

One of my favorite sources of leads is landlords who are fed up, worn out, or otherwise sick of owning their rental properties. I like frustrated landlords as sellers because:

1. If they're burnt out, their properties are neglected, and ugly properties are my bread and butter.
2. They understand very clearly that I need to make a profit, or I won't buy the property—they're less likely to hold out for a silly price than home owners
3. On the whole, they tend to have more equity than other sellers, either because they put 20% down to buy the property, or because they've owned it for long enough to pay the mortgage balance down significantly, or because they paid cash to begin with.

How to Work Frustrated Landlords

As I've mentioned before, 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. Whenever I see a house with a bunch of furniture/garbage/personal property on the curb—and it's not garbage day—I write down the address and try to contact the owner within 24 hours. All that "stuff" on the curb represents the final stage of an eviction—and means that the owner has been in the property (and seen the condition) very recently. Thanks to a morning filled with personally carrying out all of his tenant's filthy/smelly/roachy stuff, he's as motivated that day as he's ever gonna get.

Option 2: market to eviction court dockets. Again, these dockets are public record, available at your courthouse or online. Look especially for landlords who own the property in their own names (a sure sign that they're amateurs) and who are making a claim for what is clearly several month's back rent (another sign–experienced landlords don't let their tenants get months and months in arrears). These are the folks who are most likely to be getting their first lesson from a tenant who knows the system better than they do—and who are discovering that they don't want to be landlords, after all.

Tips for working frustrated landlords

1. Tailor the message to the seller. Landlords—especially frustrated ones—are not especially emotionally attached to their properties. Thus, it's ok to deliver messages that turn up the pain, like "Sick of dealing with tenants? Tired of toilets? Turn that unwanted rental into cash!"

2. If the property still has tenants in it, there's an extra piece of due diligence to complete. In the last chapter, we talked about how to deal with properties you want to wholesale that have people living in them, but one of the things your buyer is going to want to know about an occupied property is whether the tenant is paying, whether there's a lease he'll have to honor, and whether there's a security deposit that the buyer should be credited with at closing. Make sure that your purchase agreement with the seller specifies that you get to see the leases as a condition of closing, that rent will be prorated at the closing, and that the security deposit will be given to the buyer at closing. Also, if the tenants are NOT paying, your buyer will want a little bit better deal to account for the month, or more, it will take to evict that tenant, and the possible damage that the tenant could do during that time.

3. Don't pass up the opportunity for owner financing. Landlords are the easiest sellers with whom to negotiate owner terms. If you don't understand how this relates to wholesaling, I hope you have The Real Estate Goddess's Guide to Building a Wholesaling Business, 'cause that covers it.

Out of Town Owners

Out-of-town owners used to be produced primarily by job transfers, homes that never sold and were rented out instead, estates, marriages, etc.; more recently, they've been produced by buyers in expensive markets on the east and west coasts purchasing investments in other parts of the country, that they then discover are a challenge to manage from 1,500 miles away.

Unfortunately, many of these owners find themselves in the midst of a problem that they can't easily solve from a distance. You'll hear the same 3 or 4 stories over and over: I bought this house on eBay, and didn't know what I was getting, and now that I know what sort of shape it's in, I can't deal with it. I bought this house as an investment, but I've gone through 3 property managers in 4 years, and I'm sick of it. I got this house thinking I'd rehab it and resell it, but I've had 2 different contractors rip me off, and I just need to get rid of it. Whatever the situation, there tends to be a relatively high percentage of motivated sellers among the out-of-town owners in any given area.

While some of these sellers initially bought turnkey properties, and were thus able to get conventional financing when they purchased, a huge percentage paid cash and own the property free and clear—meaning that they can (and often will) sell for less than what they paid.

Tips for Out of Town Owners

1. Buy a list. A number of list-source companies, including Melissa Data and ListSouce, sell lists of non-occupant owners. This isn't the list you want—it's a list of ALL non-occupant owners, including those that live a block from their rentals. You can generally get—and pay for—only the owners who are actually out of state. This list will be much smaller, and much more motivated.

2. Understand that this is the one kind of seller who may not be able to give you the information you want. More than half of the out of town sellers I deal with literally have no idea what kind of shape their property is in. This is almost the only case in which I will go see a property without already having a deal on the phone with the seller, because there's no other way to do it. I handle this by finding out what the seller wants for the property (if it's out of the range of reality, I tell the seller so and don't go see it) and if the seller is flexible on price based on my later report of condition, I go see it, take pictures so that he can see what we're dealing with, and make him the best offer I can.

3. You'll do more to get these deals under contract and closed than you would with a local seller. Generally, even getting into the property for your inspections is tough, unless it's open or the owner has left a key with a friend locally. I've offered sellers free lock changes so I can get a key, gotten letters of permission from them to break into their houses (so that if the police show up, I have something to show them), and otherwise done what it took to make the deals happen—and you should too. The closing is also a challenge: the title company and buyer need to know that the documents will have to be prepared several days in advance of the "closing" so that they can be emailed to the seller for signature and notarization, then overnighted back to the title company.

What About Absentee Owners?

As the owner of a number of rental properties, I get at least 3 postcards and letters each day from "investors" (largely wholesalers) who want to "buy" (read flip) my rentals.

I don't want to sell my rentals. I'm happy with them. They perform, and I plan to retire on the income from them. So why do these people all think I'm a motivated seller?

Because they've been sold a bill of goods by "done for you" mailing companies.

These companies that promise to provide the list, provide the postcard, and do the mailings for you get paid based on volume, not results. Absentee owners is a large and easy-to-get list, and despite the fact the 99% of the owners on it aren't motivated to sell, it does produce a few calls here and there.

It's the most overworked list in real estate today, and is ALSO unmotivated. Use it if you have nothing else, but think about this: out of town owners have a much bigger problem than in-town landlords.

Delinquent Taxes

The final off-market seller list I'll encourage you to consider is the delinquent property taxes list.

Maintained by the officials in charge of collecting property taxes, this list may be kept at the county level, the city level, or the township level of government depending on which of these is entitled to get taxes. The official might be called Treasurer, Tax Collector, or a host of other titles; start the process of finding out who has it by looking at your property tax bill and seeing which office you pay it to.

This list has been relatively easy for a lot of wholesalers to find. In many counties, it's simply published online or, as in Ohio, even in a local paper. In others, the collecting agency will cheerfully, and without many questions, simply print it for you or give you online access to it.

The reason is simple; if property owners get too far behind on their taxes, a very public legal process kicks in that ultimate ends in foreclosure of the property to pay the taxes. Knowing this, the officials who have the information that a certain property is tax delinquent don't seem as sensitive about hiding that information.

When working tax delinquent properties, know that:

1. **Sometimes the info you get is fairly sparse**; I've seen tax delinquent lists that included only the address of the property (but not of the owner) or only the parcel number. It's rare that you get more detailed information like the type of property (i.e. raw land, condo, commercial) or whether the owner lives there. There can be thousands of delinquent tax bills in a county but only hundreds that are single family homes; you have to find out which are which (and who the owner is and where HE lives) for yourself. Luckily, this is easy (if time-consuming) by using your county's property site.[6]

2. **There's a lot of "junk" on this list.** You'll typically find that more than half of the properties on a tax delinquent list are literally vacant land. Even among the homes, you'll find a large number of abandoned houses that the owner hasn't seen for years. But you'll also find a lot of 'stories'—older people whose houses have long been paid off who literally forgot to pay the tax bill, and now can't afford to catch up. People who've just buried their head in the sand for too

[6] *It's also one of many great uses of a virtual assistant. Let someone who is happy to earn $3 an hour (because they're in a country where the American dollar goes a long way) spend the 10 hours it might take to eliminate the non-residential properties and find the names and addresses of owners of the rest while you go drive for dollars some more.*

long and are now up against a tax sale that they could have made go away at any time in the past 3 years by either selling the house or making a payment plan with the county. If you live in flyover country, you'll also find some 'zombie foreclosures'; properties where the owner is surprised to find that he's still the owner, because he thought the BANK foreclosed years ago. But they didn't, even though they started to, because the cost of the foreclosure was higher than the value of the property. Unfortunately, some of these properties are in a condition where, if there's such a thing as a $70,000 house in your area, the cost to renovate the house is literally more than the value fixed up.

3. **There's no special need to mention that you know about the tax delinquency**. Contacting these folks by mail or phone works, but saying "The county gave me this list and it said you didn't pay your bills" isn't a good approach. Yellow letters or postcards are great; just say you were looking for an investment in the area and noticed his house. If you let him know that he's on a government list, the tax collector is going to get a bunch of angry calls from voters asking why he's letting people know their business, and the list gets that much harder to get next time.

Other Rifle Marketing:
Foreclosures, Divorces, and High-Equity Owners

You may have noticed some seller types that you THOUGHT you'd see here are missing. I've left them out on purpose, and here's why.

Foreclosures, which are incredibly easy to access and which you'd think would be super-motivated, are not a great target for wholesalers.

Nearly across the board, these properties have no equity. For that reason, they require the negotiation of a "short sale", which means getting the seller to agree to take less than what he owes the bank, *then getting the bank to agree to the same*.

It's that last part of the process that I can't recommend to new wholesalers, or to part-timers. Short sales have become monstrously difficult since about 2010. They require the involvement of an agent. They must be listed, even when the seller has already accepted your offer, to see if there's a higher offer the bank can get. They take months or years to negotiate, and the answer is, 80% of the time, no. They're notoriously frustrating; if the bank doesn't lose all your paperwork, requiring you to go back to square 1, at least twice, it's unusual.

And to put the cherry on the sundae, short sales are almost always non-assignable, a problem that can be overcome using trusts, but also often have no-resale restrictions in the deed, that say that the buyer can't sell within 90 or 120 days of acquiring the property, which is a bit of a problem for your buyer.

Divorces are relatively easy to find, but in my experience they're better sources of subject-to type deals than of cheap wholesale deals.

The reason a couple gets rid of a house in a divorce is that neither can afford it on their own, which means that there's a mortgage, which means that there might not be enough equity for your goals as a wholesaler.

And don't get me started on the "**High-Equity Owners**" list. First of all, it's not; it's a list of people who've owned their property for a long time, NOT a list of people who don't owe much. Second, what is it about owing very little on your property that makes you a motivated seller? Go ahead, figure it out. I'll wait.

Getting the Phone to Ring, Part II: Shotgun Advertising

Thus far, all the strategies we've covered involve finding or creating lists of particular classes of sellers, and contacting them individually by mail. But there are always motivated sellers out there who can't be found on the various lists I've mentioned, and also can't be found in the sources we'll talk about next.

These "unknown" sellers are best reached through advertising to the general public that you buy ugly properties. There are a number of relatively simple methods of doing this that range from cheap and easy to expensive and time consuming. And, oddly, my experience in working with my high-level coaching students has shown me that some of them work better in some places than they do in others.

In any case, 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 (like, "Agents, call me with your ugly listings and keep the full commission!"), but rather lists general benefits (like quick closing, cash offer, etc.).

Nonetheless, all shotgun advertising has to follow certain rules in order 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

There are endless ways to get the message that you buy ugly houses in front of people who might have them. Some are tried-and-true (like those listed here); some are relatively expensive, ineffective ego-boosters (like my failed experiments with billboards and radio ads); some are creative and cheap but have little chance of getting in front of enough qualified prospects to make a difference (ads on pizza boxes and the backs of cash register receipts, for instance).

Here are the methods that have been most consistently effective in generating not just calls, but also actual deals for me, and for my students, over the years.

- **Bandit Signs".** 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. I've never had much luck with these signs, simply because I don't have the patience to replace them week after week as the telephone company, city officials, local kids, and even my competition knocks them down. Also, 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.

On the other hand, I've had good success with yard signs, which are basically the same exact things 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**. Yes, websites fall into the category of "shotgun marketing", because unless you set up a BUNCH of them aimed at different kinds of sellers, and then optimize them to be found when searchers look for specific, long-tail keywords like "How to do I sell my estate property" or "Sell my ugly house", 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.

  Most individual investor's "I buy houses" sites are a small part of their lead generation strategy. 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". But Google that term—go ahead, I'll wait—and you'll find that the entire first page is taken up with national, "feeder" sites that gather leads from all over the country, then sell them to subscribers.

  I know some of the people who own some of the companies that do this, and I can tell you that they spend 6 figures a year keeping their sites "up top." Most have at least 1 full-time employee or contractor who constantly jockeys their position on the front page. And you can't really compete with that.

  You can, however, be one of their subscribers or franchisees, if you have the (fairly hefty) budget to do so. Or, you can create your own site, and rely pay-per-click ads to drive traffic. But if you don't have the expertise, or help, to do SOMETHING to actually drive potential sellers to your site, there's almost no use (other than the credibility it lends when people are specifically looking for YOU because you already contacted them in some other way) in having a site at all.

- **Business Cards**. In my opinion, 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," that sort of thing.

Try to hand out as many of your cards each day as possible. At a cost of less than 1¢ each, you can afford to "waste" a lot of cards by leaving them on restaurant tables, bathroom sinks, grocery store bulletin boards, and so on.