The Real Estate Goddess's

Wholesaling QuickStart Program

by Vena Jones-Cox

$129.00

Welcome to the Wholesaling QuickStart: What This Manual is All About…

My name is Vena Jones-Cox. I've been investing in real estate full time since 1989, and wholesaling since around 1996. I've taught thousands of other people to wholesale in the past 20 years, through my appearances at real estate associations, and through my own home study courses, bootcamps, and mentoring and coaching.

One of the most common questions I get from newer wholesalers all over the country is,

"I think I understand HOW to wholesale,
but where's the roadmap that tells me
<u>what I actually need to be DOING</u>,
today, this week, this month, to make money?"

I understand—and admire—the urge to just get out there and start doing something that will eventually lead to a $5,000, or $10,000, or $20,000 profit on a deal.

But at the same time, I've watched thousands of new wholesalers take the "just jump in with both feet" approach and end up being <u>very, very busy doing all the wrong things.</u>

"Wrong" things are things that don't lead to checks.

They're time-wasters (like spending hours tracking down every detail of a property that you don't even know if the seller wants to sell).

They're things that lead you down a path that's not going to result in a check despite all of your hard work (like putting a property that's not likely to sell—say, a gas station—under contract.)

They're things that, in a worst case scenario, might even get you into trouble or destroy your reputation (like putting every property you can under contract at whatever price the seller asks, figuring it's OK to offer bad deals to buyers, because worst-case scenario, you just tell the seller that it didn't work out, and end up 'dropping' 4 out of every 5 contracts, which looks an awful lot to a regulator like some kind of consumer fraud).

There are countless things that you COULD be doing every day, and even that YouTube gurus tell you that you SHOULD be doing every day.

Doing all of them would definitely keep you busy, but "busy" isn't the goal. doing the things that MUST be done in order to successfully wholesale deals is the goal. Right?

And for the new-ish wholesaler, that's especially important, because getting to that first win-win deal FAST is pretty crucial to your motivation. Doing 200 hours of work, with no check in sight, is disheartening, to say the least.

But that first deal: where the seller is happy, the buyer is happy, and you get paid is a really good day.

I've done somewhere in excess of 1,000 deals, and taught hundred of people around the country, in-depth, how to make wholesaling a big part of their income. And what I've learned is that being a successful wholesaler requires 4 things:

1. Studying and practicing the key skills, and gathering the key resources needed to do #2-4 right: you absolutely can't do them right if you don't know things like how to figure out what a property is worth, or have things like a good purchase contract that covers you, and your buyer, in case the seller backs out, or has a title problem that can't be resolved, or your inspections reveal an expensive problem you didn't account for;
2. Doing the right activities every day/week/month,
3. Avoiding the time wasting things, and
4. Repeating 2 & 3 over and over.

Let's talk a little about the importance of #1, because this course is NOT about #1.

A lot of so-called wholesalers think that it's OK to start with step 2. Those so-called wholesalers pretty much NEVER become successful.

The reason is, if you don't understand the basic skills and also understand WHY the steps in the wholesaling process happen in the order that they do, and WHY each step is important, and what the PURPOSE of each step is, **you just don't have the frame of reference you need to make the right move when problems inevitably arise in a deal**.

Without the basic skills and knowledge, you might get lucky once or twice and accidentally put a deal under contract that works for a buyer, and stumble your way through the closing and get a check. But you absolutely won't be able to deal with "situations."

Let me give you a recent example of what I mean when I say "situation."

A few years ago, I took on a mentoring student through my FastTrack to Financial Independence program (learn more at www.REGoddess.com) who was brand new to wholesaling. We'll call her Mel.

Before Mel even got started on my Wholesaling School online class, she found a house that the owner was very motivated to sell.

Although it was rented (to tenants who hadn't paid in 3 months), it was in a "bread and butter" neighborhood: the kind that buyers who fix and flip houses just love. It was a 3 bedroom, 2 bath; the comparable sales in the area for that type of property were roughly $120,000. The owner was asking $80,000, and agreed before Mel even went to see the property that he'd accept as little as $60,000 if the offer was cash and could close within 30 days.

Following the process, Mel went to see the property and made a detailed list of repairs and upgrades. We went over the probable cost of the work and agreed that it was in the $30,000 range. Based on these repair costs, and the formula we'll discuss later, Mel offered the owner $44,000—and he accepted.

Needless to say, Mel was over the moon: her very first deal was under contract within 2 weeks of "getting started" and, if everything went according to plan, she had set up a profit of $10,000 within 30 days.

Things didn't go according to plan though.

Three serious local "retailers" looked at the property within the next 10 days, and all 3 passed on the deal. I spoke to Mel daily about marketing strategies, other possible buyers, and what might be going wrong. Finally, I gave up and went to see the house myself.

And I knew before I even walked in why it wasn't selling.

See, buyers who retail and resell properties must, by the nature of their strategy, buy only houses that are very likely to be attractive to a potential homeowner when finished. And while a good retailer can always make a house super-attractive, they can't do anything about where the house is, and what's around it.

This particular property had several things working very much against it: the yard, which was of average size for the neighborhood, also (unlike the lots of the other houses in the area) dropped off steeply about 5' from the back of the house, making it unusable for play, entertaining, or keeping pets.

It was across the street from a school, which was noisy during the day and made getting to the house at 8:30 and 3:00, when the school busses lined up on the street, a real chore.

The neighboring house was occupied by an apparent hoarder; its back yard was packed from fence line to fence line with junk vehicles, scrap metal, and random garbage.

And finally, the house itself was, unlike the comparable properties, a hodgepodge of additions of various ages and construction. It appeared as if the original home was probably a 4 room, 2 bedroom. An addition on the side added a dining room; an addition on the back added a very clunky bath and bedroom. It didn't have a nice, clean, layout like the comparable properties; who wants a bedroom off a kitchen?

In other words, there was no way for a buyer to fix this property up in a way that was ultimately going to be attractive to a homeowner—and thus, it was unattractive to a retailer buyer *at any price*.

So what did Mel do wrong, exactly?

She did everything that would be on my task list for making money wholesaling: she found the deal, determined that the seller was motivated, comped the property, estimated the repair costs, ran the formula, made the offer, put the deal under contract, and contacted potential buyers—and yet didn't get a check for all of her efforts.

What Mel didn't understand, because she didn't have that deeper frame of reference that I'm trying to explain here, was that <u>her real buyer for this property was a landlord, not a retailer</u>.

She looked at the NUMBERS—the comps and the repair costs—rather than seeing the property through the eyes of the buyer, which is an important skill for wholesalers, and one that I teach in my Wholesale School online course.

Had she done so, she would have realized <u>that the incurable layout and location problems of this particular house made it not a retail property, but a rental</u>, even though it was in a retailable area.

Yes, there was absolutely a buyer for this property out there—just not at the price she was asking.

When we re-analyzed it as a $700/month rental, the right sale price was $35,000, not

$54,000, and thus the right offer was $25,000, not $44,000. Mel did make this offer, and the seller understandably rejected it, given that it was a $19,000 drop from her prior offer.

Mel's OK—she went to Wholesale School after this adventure, got her skills in place, and has wholesaled a lot of deals since this happened.

This manual is for people who've already studied the 'basic skills' part and done the resource-gathering part, and are just looking for a WHAT to do guide, rather than a HOW to do guide.

For years, wholesalers and wholesaler wannabes have asked me for this: *"Just give me a quickstart guide and tell me WHAT to do, please."*

And I've struggled with that request, because telling you WHAT to do, without telling you HOW to do it right and, on a deeper level, WHY you're doing it, is only helpful to people who already understand the how and why part.

I believe that if you're going to get into a business, you should understand the business, not just the activities of the business.

I've seen way too many people who just wanted to be "walked through a deal," rather than get educated about wholesaling on a deeper level, and I've seen them get kicked in the teeth, over and over, just like Mel did on that first deal

It's not that I think that you should even <u>try</u> to know <u>everything</u> about wholesaling before you do anything. I just know, from loooong experience, that the more you DO know, the fewer mistakes you make, the quicker you get to your goals, and the more readily you can think through the inevitable out-of-the-box situations that present themselves and make those deals work.

Yet, here it is: a more task-oriented course that explains what to do to find leads, make deals, and get paid without delving into the exact hows and whys.

Why? Because this stuff is ALSO important to know.

Because understanding without action is unprofitable.

Because there's so much BAD information out there about "How to get started."[1]

Because you wanted it so badly, and some of you already DO know the hows and whys, but just can't figure out what to do (and not do) on a day-to-day basis with your limited time.

And because, the way in which this course will work really, really well for you is **in conjunction with some high-quality, in-depth wholesaling education.**

Without question I think you should have mine, because (like, I'm sure, all educators) I think mine is the most complete, in-depth, and most importantly, experienced-based course available in the marketplace today.

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[1] My favorite, seen on an online forum recently: "Don't even worry about paying for education. Just get out and hustle and the market will teach you how to wholesale." Yeah, by kicking your teeth in over, and over, and over…

But if not mine, SOMEONE'S—someone who takes a deep dive into the best practices, ethics, skills, downsides, and business aspects of wholesaling as well as the how tos.

> I wrote this manual with this thought in mind:
>
> If someone I cared about ABSOLUTELY NEEDED to close a wholesale deal in the next 30 days, and if they'd already done the work to understand HOW to do it, but what they needed was my best advice on what to DO (and what not to spend time doing) to assure them of meeting that goal of finding, evaluating, negotiating, and selling a deal fast, what would I tell them?

And the result is what you're holding in your hand. Or reading on your screen. Or having your robot servant speak aloud to you.

So, in summary:

- This course is NOT meant to be an in-depth education about every aspect of the wholesaling business, or how to do everything mentioned here. If you need that, you need Wholesale School, which will take you 8 weeks to complete, and costs a whole lot more than $129, and which you can find out more about at www.REGoddess.com
- It IS a roadmap that tells you WHAT to do—what resources to gather and activities to focus on—to make wholesale deals.
- The more you do of what you learn here, the more deals you'll make.
- If you haven't already, you should absolutely get, or review, a really complete wholesaling course, so that you have a broad, holistic view of the wholesaling business, because it's that wisdom that lets you make smart decisions when facing deals that vary from the "standard". You know, like Wholesale School. At www.REGoddess.com.

Enjoy this course, but more importantly, USE it. As with every bit of education you've ever gotten, it's not the knowledge that makes you the money. It's acting upon that knowledge.

THE LAWYER INTERRUPTS

Disclaimer and warnings.

Hello, my name is James Flax and I am an attorney working for Vena Jones-Cox. I am interrupting her here, briefly, to make sure that you the reader understand some things about this course, the website you downloaded it from, and any other materials you may receive from Vena.

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Anyway thanks for your time: I'll shut up and let Vena get back to the interesting stuff now.

Let's Just Get on the Same PageAbout What Wholesaling is, 'K?

I'm constantly amazed at the number of different strategies that people call "wholesaling," and by all the different names wholesaling goes by.

In my world, a wholesale deal is one that meets <u>all</u> of these criteria:

1. **The end buyer is a businessperson**—that is, another real estate entrepreneur--who intends to use the property as a rental, rehab, or other type of investment or business property—not a home owner who intends to live there.
2. **The property is put "under contract" by the wholesaler**, and then the contract is directly sold to the buyer, <u>or</u> the property is bought by the wholesaler and immediately resold to the buyer, <u>without the wholesaler doing any improvements</u> to the property.
3. **The end buyer pays cash, or gets private or hard money financing**, to purchase the property. When the buyer has to get traditional bank financing, the wholesaler often has to "step out" of the deal and put the buyer and seller directly into contract with one another, somehow getting paid in the process by the SELLER, not the BUYER. I don't know what this is, but it's not wholesaling—in fact, it's perilously close to practicing real estate without a license.
4. **The deal is priced to the buyer at a wholesale/investor price**, that allows the buyer to achieve significant cash flow, equity, and/or resale profit. Yes, I'm aware that there are new-ish buyers, and out of town buyers, who don't know what a good deal is, and that some people who call themselves wholesalers, make a business of selling deals to those people at a price where the buyer will NOT make any money, or not make enough money to make all the time and investment worth it. They market these as wholesale deals. They're not. They're deals that take advantage of a hot market and the "bigger sucker" theory. If you can't sell your deal to an experienced, knowledgeable buyer at the price

you're asking, it's not a business-to-business transaction, it's a business-to-uninformed amateur transaction, and you can't build a profitable, long-term wholesale career on those.

The wholesaler is not in any way acting "as an agent." He's not getting a commission on the sale price of a property. He's not 'working for' or 'representing' a buyer or a seller. He's not telling sellers that he'll "help them get their home sold," or buyers that he'll "find them deals," nor he is acting as if that were the case. A REAL wholesaler knows that his job is to put properties under contract at a price where any of a large number of experienced buyers will pay him to step out of the contract and put the buyer into it, and to find those buyers AFTER the deal is evaluated and under contract.

There are, of course, other strategies closely related to wholesaling as I describe it above; for instance, pre-habbing (in which you close on the property, do some work to it, then sell it to an investor-buyer at an increased price) and wholetailing (in which the property is closed by the wholesaler, and then sold to a homeowner rather than an investor. This is a strategy full of complications and pitfalls related to the buyer's financing options, and I don't recommend it to new wholesalers).

The High-Level Overview: The Steps You'll Go Through in EVERY Wholesale Deal You EVER Do

I've wholesaled a LOT of properties, and I've been doing it for a LOT of years.

<u>And every single solitary deal that's ended in a payday has gone through the same series of 6 steps</u>. I've never found a reason to complicate the system by adding one, and I've never found a way to consistently skip any of them and still get paid.

The process itself is fairly simple, but each step has to be done correctly to get the outcome you want: a check. It is:

Step 1: Find the Right Seller.
The right seller has the right type of property, in the right area, owes little enough that he can sell at a below-market price, and most importantly **is very motivated to sell at a low price,** rather than fix up the property, or wait for a higher offer.

As part of this step, you'll reach out to potentially motivated sellers, ask them questions to determine their level of motivation and bottom dollar.

If you're smart and skilled, you'll eliminate 15-17 of every 20 sellers you talk to without even seeing their property, because they don't have the right property, or more often, because they don't actually have a problem you can solve with your lowball but quick-cash offer. The other 3-5 will move on to the next step in the process.

Step 2: Evaluate the Deal.
The entire purpose of the deal evaluation is simply to figure out what your most likely end buyer would be willing to pay for the property, given its value and condition.

Some deal evaluation can be done right from your computer: you can research the after-repaired value of the property, "drive" the neighborhood using GoogleMaps, and, in some areas, even find code violations and back taxes online.

But if you decide that you like what you see online, the second part of the evaluation has to happen onsite: in order to determine what repairs and upgrades the property needs to be a moneymaker for a buyer—and what those repairs are likely to cost—you (or someone you trust) must walk the property inside and out, and see what there is to see.

The 3rd part of the evaluation is deciding based on what you now know—the after-repaired value of the property and the repair costs—what the highest price an educated buyer is likely to pay would be. From that, you subtract the wholesale fee you'd like to make, and move on to step 3.

Step 3: Make the offer.
Based on the results of step 2, you make an offer to your seller. If he finds your offer, or something close to it, acceptable, you'll formalize your offer with a written agreement that gives you the right to purchase the property under the price and terms you negotiated, and gives you certain other rights, like the right to get inspections (usually conducted by your buyers) and to not buy if the results of those ongoing inspections aren't satisfactory to you.

Step 4: Preparing the Deal for Sale.
This step usually happens, at least in part, simultaneously with step 5.

In this step, you collect additional information about the property that your buyer will need in order to make the decision to buy from you. The due diligence process will ultimately include a title search (your buyers will typically want to see that the title is "clear" before paying you to assign them the contract).

It may also include calling your local code enforcement department to determine whether there are any outstanding orders against the property (and getting a copy of those orders); getting and reviewing copies of any leases, if the property is rented; getting and reviewing home owner association agreements, if the property is in an HOA, or park agreements, if it's a mobile home in a park.

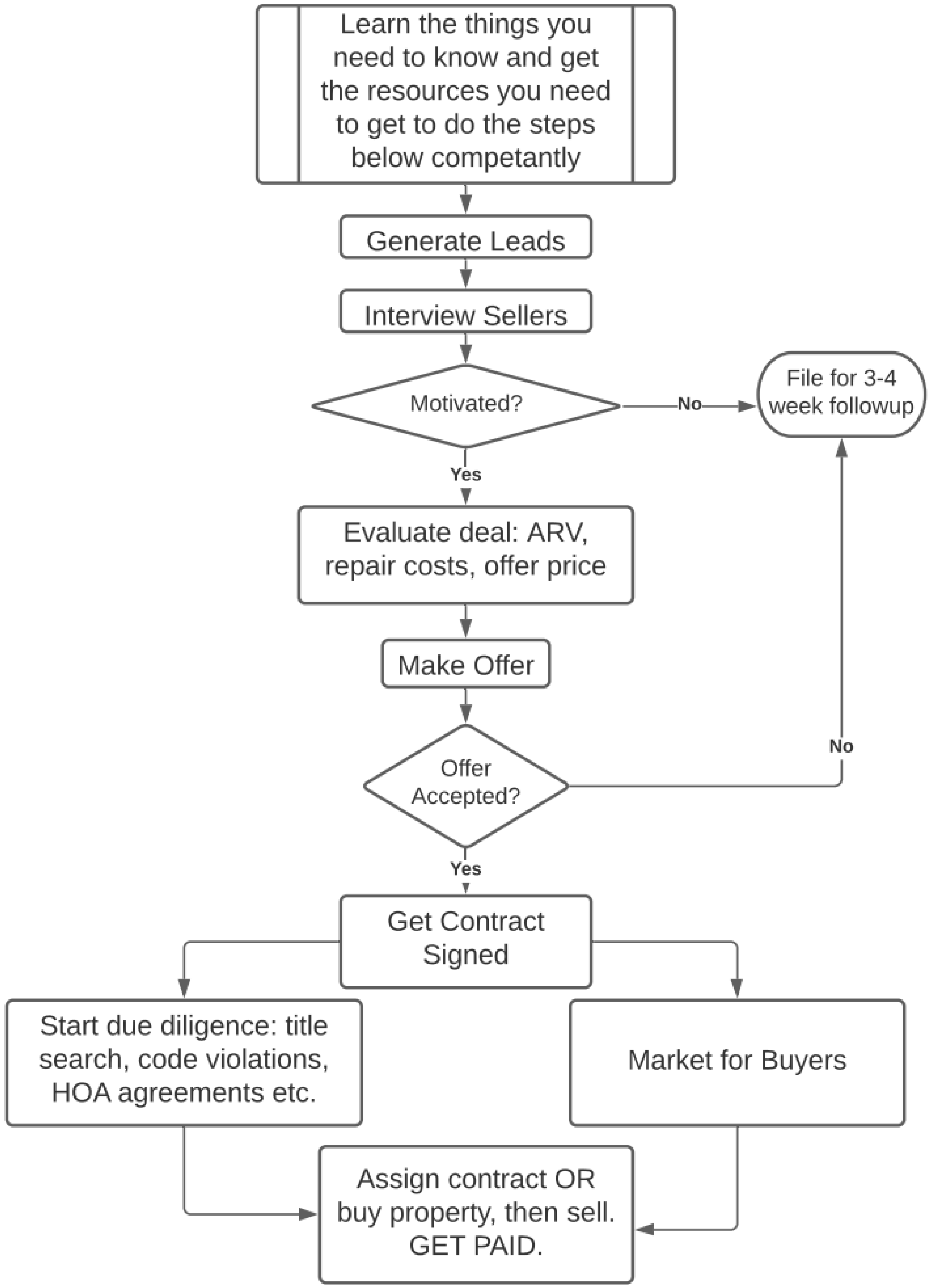
Step 5: Using marketing, your buyer's list, and other resources, you identify a likely buyer or buyers for the property, arrange for the prospective buyers to view the property, and, after agreeing with the buyer as to price and terms, continue on to step 6.

Step 6: You sell your right to purchase the property to the buyer via a formal "assignment of contract." Your buyer then uses that right to buy the property directly from the seller.

Alternatively, and only in rare cases, you'll BUY the property (usually using cash or private funds), then sell it immediately to the buyer.

The way these steps work in real life is a little more complicated than just 1, 2, 3, 4…there are some decision points that should stop you from going on to the next step, if it doesn't make sense to do so.

Here, let me draw you a simplified picture:


Learn the things you need to know and get the resources you need to get to do the steps below competantly
Generate Leads
Interview Sellers
Motivated?
No
File for 3-4 week followup
Yes
Evaluate deal: ARV, repair costs, offer price
Make Offer
Offer Accepted?
No
Yes
Get Contract Signed
Start due diligence: title search, code violations, HOA agreements etc.
Market for Buyers
Assign contract OR buy property, then sell. GET PAID.

Each of these steps has a whole series of TASKS related to it, and it's the tasks that we'll cover in this manual.

What Will Make You Money, And What Will Just Make You Frustrated…

There are a whole series of do and don't lists in this manual, and they're all created with one end in mind: **to produce, as quickly as possible a deal that will sell, thus making all three parties to the transaction—you, your seller, and your buyer—happy**.

The one and only reason that successful wholesalers earn such a high dollars-per-hour income is that they bring incredible value to the table for buyers and sellers.

If you're doing this right, your buyer gets a great deal that makes him lots of money. Your seller gets rid of the giant headache that owning his property has been for him. And you, of course, get paid a big chunk of money for your efforts.

There are lots of ways to go through these tasks and STILL not provide the value you're supposed to be providing. When you don't provide the value, you don't get the check, even though you might do all the "work."

The most common errors that wholesalers make when they forget about the "providing the value" goal are:

1. **Not correctly evaluating the property**. This can come from a lack of skill or care in evaluating comparable sales, or in inspecting properties, or in putting accurate repair costs to the work needed. These skills represent a HUGE portion of the value you bring to the deal, so don't blow them off.

2. **Engaging in "wishful thinking" about the value of the property**. Related to #1, I often see wholesalers put properties under contract at a certain price, because they can't get the seller to take less, and then justify trying to sell it at a price that just won't work for a buyer.

The internal conversation goes something like this: "*Most of the similar houses in this area have sold for around $150,000, but there's one comp at $190,000. My numbers say that the repair costs are probably around $25,000, but IF the property would sell for $190,000, and IF the rehabber could replace the roof, and kitchen, and plumbing, and bath, and flooring, and paint for $7,000[2], THEN I could pay the seller the $115,000 he wants and still make $10,000, SO I'm going to fool myself into believing that there's a buyer out there who can buy at this price, and go ahead and put it under contract."*

It takes just as much effort and energy to NOT sell a deal as it does to sell one, and it's always better to give the seller the offer that you can actually get closed (in the case above, about $70,000-$75,000), let him say no, and follow up next month to see if he's feeling more motivated.

You're providing no value to the buyer, OR the seller, OR yourself by putting a property

[2] If that number for that set of repairs didn't immediately set off alarms, or at least make you laugh, you probably need to work on your repair estimation skills.

under contract at a price at which you can't sell it, and wouldn't be willing to buy it yourself, so avoid this at all costs.

3. Trying to keep too much of the profit from the deal. If you ask experienced buyers what they hate about the run-of-the-mill wholesaler, they'll express it as "*They don't leave enough money on the table for me*."

What they mean is, "*They offer properties at prices where I can't make enough money to justify the risk, or the investment of time and energy,*" and what they're usually seeing is the result of a wholesaler who doesn't actually know how to calculate what that investment really is.

But sometime, wholesalers just get greedy and try to make a $25,000 wholesale fee on a property that, if priced $15,000 cheaper, would make a lot more sense to a lot of buyers, and STILL make the wholesaler $10,000.

Everything you do, every day, should be focused on the goal of:

1. Putting deals under contract at prices at which YOU can sell them quickly and easily, for a reasonable profit

2. Selling them at a price that makes your end buyer a reasonable profit for the time, risk, effort, and money he'll have to expend

3. Getting those deals sold and closed quickly, so that the seller can move on with his life

4. Doing this over and over again.

Are You Ready to Wholesale?

There is a set of skills, people, and business tools that you won't be able to proceed with the tasks in the course without; or, to put it another way, if you don't have them, getting them is task 1.

If you can check each of these boxes, you have the minimum tools you need to start wholesaling houses. If not, they're not hard things to "collect," so get at it.[3]

Personal Resources and Skills you'll need:

[ ] Time. There's work to be done here, and that work requires a certain amount of time in order to occur. In general, you'll find that (once you understand what the real work is), it takes about 20 hours of actual, focused work to complete a wholesale deal.

This includes time spent on things that have to be done to do a deal but don't actually result in a deal, like talking to sellers who aren't motivated, but it DOESN'T include any time you choose to spend on the time wasters we'll discuss later. When I say 20 hours, I mean 20 hours

[3] I'm leaving out some hyper-basic resources that I am, rightly or wrongly, assuming everyone has. A cell phone, an internet connection, reliable transportation, the willingness and ability to carry on conversations with other human beings if the end result could be a 4 or 5 figure check, that sort of thing.

focused on valuable tasks, not pretending that you're doing something valuable by spending another hour going down the YouTube rabbit hole watching random people brag about the deal they just did, or the check they just got, and claiming to teach you something.

Unfortunately, some of that time can't be scheduled; sellers call when they call, and can meet you when they can meet you. But if you can concentrate that 20 hours over 2 weeks instead of 5, you're much more likely to get the results you want.

But some of your lack of time CAN be overcome by paying other people—virtual assistants, answering services, partners, etc. do some of the more basic work for you[4].

[ ] **A basic understanding of the process**, so that you aren't trying to figure out what the next step IS when you're in the middle of a deal.

[ ] **The ability to correctly evaluate and estimate the cost of repairs to a property**. It's not rocket science, and you won't get really good without practicing, but a complete wholesaling (or retailing) course should tell you what to look for and give you guidelines for what those things cost to replace.

[ ] **The ability to correctly estimate the after-repaired value of a property**, using comparable sales. Again, this is not Ph.D. level learning, and will have been covered in any quality real estate course you've ever purchased.

[ ] **Some understanding of the formulae under which local buyers determine what to pay for a property at the moment.** Generally, the basic formula of ARV x .7 – repair costs is good for the typical deal, in a typical market.

However, you may find that if your area is especially hot, or especially high-priced, serious, educated buyers are clamoring for deals, *in certain neighborhoods,* at a higher percentage of ARV (like 75% or 80% vs. 70%).

On the other hand, if you live in a depressed or low-priced area, you may find that the majority of buyers want to purchase properties at a lower percentage of ARV. This knowledge can only be gained by having multiple conversations with real buyers (not fellow wholesalers, who would be largely speculating on these trends), and that can only happen by getting in front of those buyers at your local real estate association meetings.

Business Tools You'll Need:

[ ] **Access to your county's property ownership information**. Unless you live in a super-rural area, this is available online, and will aid you when you need to find out who owns a particular property, as when you drive for dollars. The same site probably contains other useful information, like when the owner bought the property and how much he paid, as well as square footage of the property, zoning, lot size, and so on.

[**] One or more lists of seller "suspects**". This list can consist of any kind of owner who is both, likely to have the right type of property in the right type of area (see "Low Hanging Fruit"

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[4] If you're interested in learning to do this, I cover it in my Building a Wholesaling Business online course, available at www.REGoddess.com.

for more detail), and likely to be motivated to sell it. If you know what list you want—probate properties, out of town landlords, landlords who've filed evictions, and so on—you can start the process of buying it (try listsource.com, MelissaData.com, or just Googling "Out of town owner's list"), developing it yourself or with the help of a virtual assistant or similar (from public record data), or creating it, as you do when you drive for dollars.

[ ] **A letter or postcard for mailing to those suspects**. Don't get too hung up on having the perfect one at the moment; while things like the wording, color, graphics and layout do matter, they can wait until you've done a deal. For right now, anything that basically says, "If you'd like to sell your house, give me a call because I'd like to buy it" is fine. Just make sure that it's hand addressed, has a real stamp on it, and that, if it's a letter, it's hand-signed.

<u>Alternatively to the last 2 items</u>:

[ ] **At least 100 "I buy houses" bandit signs**. Yes, they're annoying to distribute. Yes, they're against the law in most areas, and could get you fined. Yes, your competitors and neighborhood kids seem to tear them down as fast as you can hang them. But if you prefer this "shotgun" style marketing to direct mail, and if you have the time, energy, and patience to keep 50 out at all times, these will achieve the same goal as the list and letter.

[ ] **Online advertising via a search-engine optimized website or on Facebook**, if you're familiar with and competent with those things.

One way or another, you'll need leads coming to you.

[ ] **A way of finding data for comparable sales**. Ideally, you're using a system that's purpose-built for finding comps, and gives detailed, side-by-side comparisons such as Propstream, REIBlackbook, or agent-level MLS access, but each of these costs money and requires a subscription.[5]

On a budget, one of the free online services such as Zillow, HouseValues.com, or similar will work in a pinch. However, if you're using one of these, you'd better have practiced using it so that you can quickly locate and compare actual sales data, rather than rely on the "Zestimate," or other automated valuation model. The AVMs used by these sites are based on an average of tax valuations, not sales, and almost always give ridiculously high values for properties.

Alternatively to the comparable data system, you can have a cooperative agent who will run comps FOR you; however, this is NOT a long-term solution.

Most agents get pretty tired of running comps on property after property, particularly when you're not buying the properties through MLS, where they can get a commission.

Since the leads you'll generate for the purpose of this QuickStart program will be 90+% unlisted, you can't count on your agent, no matter how friendly, to continue to provide this service in the long term. Plus, you need to know how to do it yourself anyway.

[ ] A way of dealing with incoming calls, particularly when you can't answer them. You may choose to have the calls go to your voicemail, in which case you should change your

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[5] You can get a free 7 day trial of Propstream, which also includes leads of sellers who are absentee, have liens, have high equity, or who are in foreclosure, at https://trial.propstreampro.com/vena/

message to let callers know that they've gotten the right number, and instructing them to leave the information you need (the property address, their name, and a day and evening phone number).

You may choose to use one of the investor-specialist answering services, or to hire a VA to do what they do, which is to ask each caller the basic set of questions in the seller interview form, then send to you for review. You may hire your own answering service. Whatever you choose to do, it needs to be thought through, and implemented, prior to beginning your marketing; a seller who calls and gets a "voicemail is full" message is an opportunity lost.

[ ] A seller interview form that reminds whoever is taking the seller calls to ask all the relevant property, situation, and motivation questions

[ ] A wholesaler-friendly purchase agreement. Generally, the shorter this agreement is, the better, so you won't want to use the "board contract" that agents use, unless you're making an offer on a listed property. At a minimum, your contract needs to have the usual price/closing date/clear title language, detail who is paying for what costs of closing, and have both an access/inspection contingency, and a liquidated damages clause

[ ] **An assignment agreement** that specifies how much the buyer is paying to take over the contract, references the contract, and says that he gets the assignment fee back ONLY if the deal can't close because the SELLER can't or won't sell.

[ ] **A buyer's list application form, and a way of filing and retaining information about buyers**, so that you can collect and store data on potential buyers, whether you have a property they want at that particular moment, or not.

[ ] **A camera or cell phone that takes decent quality photos**, because you'll need pictures or videos of the property for your marketing

[ ] **A Craigslist account** for posting deals you have for sale.

[**] A membership at your local real estate association**, because that's by far the best place to meet buyers, get information about hot areas, and market deals you have for sale. And by the way, it's not enough to be a member: attend the meetings, and the meetings after the meetings, and volunteer to help out if they'll let you.

<u>People you need</u>:

[ ] A wholesaler-friendly title company, or attorney. Wholesaler-friendly means that they understand wholesaling and don't think it's illegal (yes, there are plenty of title companies that will tell you it is), and who can do title searches quickly, close quickly, don't believe that your wholesale fee has to appear on the closing statement if it's paid outside of closing, and don't charge an arm and a leg to do deals. A familiarity with transactional funding and land trusts is a huge plus for your FUTURE deals, but not important to getting your first few done.

I can't express how important this person will be to you in your deal; I've seen students who've lost deals because the attorney they hired to close them told their buyer that wholesaling was illegal, or who were charged $500 up front to start a title search (title searches are usually paid for at closing and cost a whole lot less than this), or who lost deals because it took the title company 3 weeks to complete the title search. This is another GREAT reason to belong to your local real estate group: to get references for a great closer.

What NOT To Do When You're Getting Started

The rest of this manual is about things to do to get your first deal, or your next deal, fast.

As you know, if you've studied wholesaling in depth, there are a million things that you COULD do with the limited time you have to work on your business; and as your business develops to the point where you have plenty of time and cash to hire other people to handle pieces of this, you can get around to those things.

In the meantime, you have just 2 jobs: look for deals, and look for buyers.

Focusing on the tasks that are MOST likely to achieve these goals, is key to a quick start. Getting involved in any of the other umpteen bazillion things that you could, or even feel like you SHOULD, be doing, is basically procrastination. When you know the things that are most likely to lead to a deal and you do other things instead, you're effectively choosing to not put first things first.

Here are some things that might seem, from your perspective, to be important or even necessary to doing a deal—and they're not. The list is actually endless, but these are some of the more common things I see new wholesalers doing INSTEAD OF the real work of talking to buyers and talking to sellers.

- **Working on "branding" your company**. From the perspective of buying properties, branding doesn't really work in our business. All that effort you put into the cute name ("Mom buys houses"), logo, color scheme, and so on are wasted, because, until someone needs to sell, they won't see it, no matter how much time and money you've put into it. When they do need to sell, they'll see your message, not your name/graphics etc. Once they've sold, to you or someone else, they won't even remember your company's name.

- **Setting up your LLC**. Yes, you'll ultimately want an LLC. or other entity, through which to wholesale properties. But no, you don't "need" one to do your first deal, or 5 deals.

- **Designing letterhead, business cards etc**. To my knowledge, I've never in 25 years, bought a property because someone had my business card. Yes, it's nice to be able to hand a seller one, when they want your contact information, but it's not crucial to making a deal, and even though it will "only take an hour," that's an hour you could have been spending doing something that might actually result in a check.

- **Getting distracted by yet another neat strategy**. One of the challenges with the abundance of real estate education available at our groups, on the internet, and through traveling gurus. is the "shiny object" syndrome.

Once we get into the actual WORK of any strategy, we tend to become both, fearful, and frustrated, that things aren't happening as quickly, or as easily, as we felt that they were "advertised."

Then, we see another presentation on another strategy that sounds more profitable/more fun/less scary/less time consuming, and we buy that course, and jump the tracks, and start doing a whole different kind of work. Then, guess what? It turns out to have its own set of challenges, so we do it again, and again, and again.

As someone who's done literally anything you can do with residential real estate, I can tell you that no strategy is REALLY any easier than any other. They all require work. And of all the strategies out there, wholesaling is BY FAR the simplest. If you can't wholesale, you can't do anything, so how about focusing on that until you get a few deals under your belt. If you don't like it, you can quit—and at least you'll have made enough money that you won't have to put the next course on your credit card. Until then, put on the blinders to all the other neat stuff you hear about. Trust me, that "tonight-only" deal will still be available in a month.

- **Over-researching deals that aren't even on the table yet**. There's so much information about every property, and every seller, out on the internet, that it's extremely tempting to spend hours researching the snot out of every property, on every list, you buy or develop.

  It's also useless. What good does it do you to know that the owner of the property at 1122 Boogiewoogie Ave. inherited it from her mother in 2011, had it up for rent for $1200 a month in 2012, tried to sell it for $250,000 in 2013, and doesn't owe anything on it, *before you even know whether she's still interested in selling it, or interested in selling it, for what you're likely to want to pay*?

  Rather than spending 25 minutes trying to find out everything you can about each suspect on every list, wouldn't it be smarter to, I don't know, spend 25 minutes addressing letters to 50 suspects, and letting the ones who want to sell call you? And rather than discover everything there is to know about that property on Craigslist, how about just calling the owner and finding out how motivated he is?

  Situation does not equal motivation. The fact that an owner has a paid off property doesn't mean he's going to sell for pennies on the dollar. The fact that someone inherited a property doesn't mean they want to sell it, at all. And, on the flip side, the fact that a seller owes $47,000 on a property that's probably worth $25,000, doesn't necessarily mean he won't sell it for $25,000—he'll just need to be motivated enough (and affluent enough) to bring the balance to the closing.

  Finding out every possible detail about a property, BEFORE you've talked to a seller, doesn't get you one step closer to making a deal. Finding more potential sellers to contact does.

One Last Thing Before We Dig In...

There's more to successful wholesaling than just the strategies and tasks. If knowing what to do, and how to do it, made you a successful wholesaler (or for that matter, a success at any type of business), every single person who ever attended a wholesaling class would be making millions.

I've come to believe that the difference between the 20% of people who actually use the information they have, and the 80% who pay for classes but never make a dime from the education, is about the "inner game"—what goes on between their ears while they're addressing postcards, or working up the nerve to call a seller back and make a lowball offer, or standing in line at a REIA meeting waiting to present a deal, or just daydreaming as they drive to work.

If 80% of your ultimate success is going to depend on the inner game, it probably deserves a few lines of discussion. Here's some unasked-for (but valuable) advice, about how to win your Inner Game over the next 30 days.

1. **Decide what you're going to give up to free up the time and energy to do this**. If you're one of the many, many people who sort of already knows what to do, but hasn't been doing it, you have to ask yourself the question, "What am I doing now that I'll stop doing in order to free up the time to wholesale?"

   The whole goal of having a big wholesaling income, is to have more resources so that you can do more of what you want to do (make more money, go on vacation), and less of what you don't want to do (other people will cheerfully clean your house for the right compensation), so think of this as a deliberate, considered, and temporary "giving up"…and start with the things that aren't serving you anyway. You know, like mindless TV. And falling down the Facebook rabbit hole. And if you can't free up enough time by giving up your useless activities, decide what REAL sacrifices you'll need to make, to block out 10 good hours a week for high-leverage wholesaling work.

2. **Take care of yourself**. If you work, and have a family, and volunteer for stuff, and do all of the other things that most Americans do, you probably already get home in the evening exhausted, and sleep in on weekends to recover from your week. And now, you have to rouse the energy and willpower to ALSO do something that's new, and kind of scary. How's that going to work?

You'll probably find that you need MORE energy in the next few months, than you're used to having, and that means you're going to have to be extra careful about taking care of yourself. You know all this stuff: get exercise every day; eat nutrient-dense, low-sugar, low-carb foods; get plenty of sleep; no bright screens an hour before bed; it's no mystery how to increase your energy reserves.

3. **Don't let the naysayers get into your head. Even when the naysayer IS your head**. Physical energy is one thing; mental and emotional energy, is another. And the biggest drain on your mental energy is people who, in ways direct or subtle, tell you that you can't, or shouldn't, do this.

   You'll probably have the usual assortment of Negative Nelly family, friends, and colleagues who tell you stories about how their friend tried real estate and somehow ended up in jail as a result[6]. You'll probably even run across members of your REIA group that tell

[6] I remember when one of my college friends, having listened to the explanation of how wholesaling worked, said, "So, basically, what you do is take advantage of sellers who don't

you that "It doesn't work here, the market's too hot" or "There's too much competition around here to make any money" or "No one around here buys from wholesalers, because they're all rip off artists."

Whatever: let them have their limiting beliefs, and negative thinking; their opinion is not reality. Avoid them, and if that's not possible, avoid conversing with them about wholesaling. And, by the way, get some friends who are supportive and positive to hang around with. P.S. The best answer to the people who don't believe in you is a great big profit check.

But your biggest enemy is the one in your head. I call mine Vimh (voice in my head), and, if I let her run free and speak unchallenged, she'll spend all day, every day, beating me up for things I am doing, am not doing, should be doing but can't get around to, want to do, or consider doing. One of my colleagues calls his OhMeofLittleFaith.

You may think of the voice in your head as being "you," and thus have a hard time accepting that what it says from moment to moment isn't what you actually believe. In reality, the voice isn't you (otherwise, how could you converse with it?) and it isn't RIGHT. When it says, "What the heck do you think you're doing? You've never stuck with anything in your entire life. You're not going to be a successful wholesaler. You should just go do the dishes." It FEELS real, it FEELS like it's coming from you, and it may even seem fact-based.

But what has your past history of stick-to-itiveness got to do with right now?

Do you not have the ability to make different decisions now than you did in the past?

What if, once you try wholesaling, you find out it exactly fits your skill set and lifestyle, and you turn out to be more passionate about it than you have about anything in your life?

And how will you find out any of this unless you try?

When your Vimh gets started on all the "You can't, you won't, you shouldn't" B.S., you don't have to be attached to, or indulge those thoughts. Just notice them, decide that they're interesting, but not real, and keep doing what you're doing.[7] It takes some practice to remember to do this, and stop chasing the thoughts, but you'll be much better off for it.

And if it helps you to counter the voice, try some daily affirmations about success. Things like, "It's easy for me to focus on the most important things in my wholesaling business" and "I have all the energy I need to do the things I need to accomplish today" and "I am quickly becoming a $250,000 a year earner" can, at least temporarily, counter the voice and let you work.

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know what their properties are worth, and then rip off buyers who don't know what you paid for the properties." Ironically, he was a subprime mortgage broker.

[7] For a funny, interesting, and above all powerful book about how to shut your Vimh up, read ***10% Happier***

4. **Give your brain a dose of inspiration every day.** Many successful businesspeople I know use their commute for this purpose. Instead of listening to music, news or, God forbid, talk radio, whip out your cell phone, listen to some podcasts or some YouTube.

Find a personal development topic you'd like to learn more about, or a skill you'd like to get better at, and really listen. I've learned about morning rituals, time management, the science behind focus and willpower, meditation, and a lot more using this technique—though sometimes I just go straight to some old-fashioned Tony Robbins or Zig Zigler for a shot of motivation.

DON'T use this time to study real estate. Use it to expand your mind, set the day on a more positive track, and create a positive transition between your job and your at home time. Half an hour a day is plenty, and if you do it EVERY day, it has a huge cumulative effect on your attitude.

5. **Trust the process**. Wholesaling is not a recently-discovered strategy. It's been used and refined for at least 3 decades. Most importantly, it's worked for thousands of people before you—some of whom are a lot stupider, and less attractive than you are.

There's a path to follow; that's what you're learning here. If you trust the path (even though you're not completely sure) and take the same steps that others have taken, you'll get the same results others have gotten. Don't lay awake at night wondering if this is all going to work. It is.

6. **Above all, don't take ANY advice from anyone who's not making a lot more money in wholesaling than you are**. It's amazing to me how much free advice there is on the internet, in online forums, and in real estate groups—and how much of that advice is, at best, useless and at worst, harmful. People are VERY willing to share information on how to find deals, negotiate, fill out contracts, and find buyers; an awful lot of that information is stuff they heard, misunderstood, and are passing on as if it were fact.

Be extremely careful of acting on any advice you get from anyone who doesn't have a proven (and preferably lengthy) track record of success in wholesaling. As much as the online infomarketers would like you to believe otherwise, 10, or 20, or even 100 deals does not a veteran make.

So, if you've gathered the resources you need to get started, let's get started: by finding some deals.

Part II
Find Deals Fast

Wherever I go in the U.S., students ask me "What is the fastest way to get a deal?"

I almost always respond with the rather macabre scenario of, "If I were starting from scratch in a brand new market, and someone had kidnapped a member of my family, and threatened to kill them unless I closed a deal within 30 days, what I'd do is…"

That might be a bit of an over-the-top way to get my point across, but what I'm always trying to drive home is that, in a deal-making emergency, I'd strip the process down to the most basic and high-yielding steps, and leave the many other things undone that I do in my (much larger than one deal every 30 days) business.

Remembering the point of this manual—what to do if you want to do a deal FAST—your basic goals are to:

- Go after only "Low-hanging fruit"—that is, deals that will be relatively smooth to do and very easy to sell
- Get your phone ringing as many times a day as possible with "suspects"—that is, people who are likely to have "low-hanging fruit" properties, *and are likely to be very motivated to sell them*
- Be vigilant about processing those leads FAST

Low-Hanging Fruit Dos and Don'ts

If you want to do a deal fast, choose properties that are desirable to a large number of potential buyers, and choose situations that are likely to be devoid of extraordinary complications.

<u>So DO focus on:</u>

- Single family homes and SMALL multi families (duplexes and triplexes)
- Properties that are within a reasonable driving distance of you
- Properties in rental, bread-and-butter, and move-up areas
- Properties that are in fair to poor condition—they'll need cosmetics AND at least 1 major system (plumbing, wiring, heating and air, roof) replaced
- Properties owned by MOTIVATED individual sellers
- Properties that the seller doesn't owe a whole lot on
- Properties that are vacant

<u>Do NOT spend time on:</u>

- Commercial, apartment, land, farm, or other non-residential properties for which there are few potential buyers, even if it's a great deal.

- Properties in warzones or luxury areas
- Properties in distant cities
- Properties that are very unusual, and thus hard to "comp"—such as round houses, underground houses, houses with old storefronts on the first floor, concrete houses in areas where that construction isn't common, etc.
- Properties in good condition (the owner is unlikely to be motivated to sell at a wholesale price) or extremely poor condition (had a fire, a flood, has massive foundation or structural issues) as these are difficult to find buyers for
- Bank-owned properties, as these have high earnest money requirements, proof of funds requirements, short inspection periods, and are often subject to closing delays on the part of the bank
- MLS-listed properties, because of the earnest money requirements, competition, inability to negotiate directly with the owner, and short inspection periods
- Probate properties—although these are a good source of deals in general, the heirs tend to be slow to respond and there are often court-related delays in the closing
- Short sales. Yes, it's easy to get people who are behind in their payments and overleveraged to agree to sell to you at a below market price. It's much more difficult—and time consuming, and frustrating—to get the bank to agree to take that price, especially if you don't have intensive training and/or experience in that field.
- Occupied properties. Again, as you build your wholesale business, you'll do lots of deals on occupied properties, but they do present complications beyond what you'll want to deal with for your first deal or 2. [8]

Dos and Don'ts for Getting the Phone Ringing

There are few hard-and-fast rules in the real estate game, but here are two:

1. The #1 predictor of how many wholesale deals you'll do is how many good wholesale deals you have to SELL.

2. It takes about 20 conversations with "suspects" to find the prospect with the right combination of property, area, condition, and motivation to accept a wholesale offer.

In any market, it's far faster and easier to determine what's motivating a seller, and how motivated he is, if you can talk to him directly. And the only 2 ways to talk to a seller directly are to:

a. Find "for sale by owners" who are advertising their properties for sale via Craigslist, FSBO.com, Zillow, and other public websites and,

[8] I have and continue to make money wholesaling every one of the kinds of properties I tell you to avoid here, and tell you how to do the same in my home study courses and wholesale academy at www.REGoddess.com . This isn't a list of things to avoid forever; just until you've put a couple of easier deals to bed.

b. Market to sellers that you have reason to believe might be motivated to sell.

Because the number of truly motivated sellers advertising their properties for sale is a small fraction of the number of truly motivated sellers[9], you'll use a) above only when you need to make some additional contacts each week because you've run out of ways to do b).

Back in part one, we talked about how some of the things you needed before you were ready to get started were a list of potentially motivated sellers and something to mail to them, and/or some form of shotgun marketing, such as bandit signs, that you were willing to consistently put out and keep out in the public.

Your leading indicator of whether you're on track to do a deal this week, or in the next 2 weeks, or this month, is how many conversations you're having with potentially motivated sellers.

And the leading indicator of how many of those conversations you'll have, is how many outbound contacts you've made with owners of properties that are probably distressed, and which they probably don't owe a lot on, and which they probably really want to get rid of.

If you're truly contacting, or getting contacted BY, suspects who have a problem in their lives, and realize they have a problem, and have a problem property compounding that problem, you'll still talk to 20 to find 3-5 who have the right combination of motivation, equity, and "low hanging fruit" property, to be worth further researching.

From there, the math is easy; if you have a list of suspects, and a letter or postcard for contacting them, and that letter or postcard gets a 5% response rate when mailed to that list, you'll need to mail it to 400 suspects to get 20 calls to get 1 deal.

So, in the scenario above, you'd know that if your goal was to put a property under contract this month, you'd need to be laser-focused on getting out 100 pieces of mail each week. If it was to get a property under contract in the next 2 weeks, you'd need to up that number to 200 per week. If you want a deal this week, you'll need to drop 400 of those letters or postcards.

The challenge, of course, is that you don't know what your response rate is until you've "tested" the mailing, nor do you know how many calls you can expect from 20 bandit signs until you've hung 20 bandit signs.

And the only way to find this out is to TRY IT. If your response rate turns out to be 10%, you'll only have to do half as many mailings to get the same number of calls. If it turns out to be 3%, you'll have to mail 667. If you find out that you can get 10 calls by mailing 300 postcards, and another 10 by hanging 20 bandit signs a week, then you can use that combination.

So this next set of tasks may turn out to be a bit of a moving target, as you discover how many responses you can expect from the marketing you're using and, as we'll talk about in a moment, your own limitations in terms of the number of calls you're able to answer and process in a day, a week, a month.

Basically, you need to make a realistic decision right now about how many deals you want to

[9] Yes, you read that right—there are more people who desperately want to sell their ugly property who AREN'T really doing anything about it than there are who ARE.

do in the next month, balanced against the time you have available and how quickly you'll be able to move on the next steps.

It's this decision that will decide the "how much" you need to do in the way of marketing and lead generation.

Just fill in the blanks:

I want to put ____ deals under contract in the next month.

_____ (number of deals) x 20 = _______, the number of suspects I need to talk to in the next month to reach this goal

_____ (number of suspects)/_____% (expected average response rate) [10]=______ number of outbound contacts needed (note—if you're using more than one method of outbound contact, you might need to break this down into separate categories; for instance; I need to mail 100 postcards, and hang 20 bandit signs, and run $x worth of online ads per day)

Now do a gut check: does it seem realistic given your life circumstances that you'll consistently get out the number of mailers/shotgun marketing pieces/ads you just committed to, and that you'll be able to get to all of those prospects to have conversations and, where necessary, also process the leads and see the properties?

If not, scale it back, or get help (a mailing assistant, VA to answer phone calls, child or spouse to help with getting mails out, etc)—it's better to have a "stretch" goal and miss it by a fraction than a completely unrealistic goal that will just leave the Voice in Your Head telling you that you can't even succeed at the most basic parts of this.

Do Focus On:

- **Marketing to suspects who are likely to have a problem and a property, NOT suspects who simply own the kind of property you're hoping to get under contract**. If you're using this course like you should (which is to say in conjunction with a complete wholesaling system), you already know who these people are—out of state owners, frustrated landlords, people who own vacant, ugly properties, and so on.
- **Consistency**: your outbound contacts should continue to be made even when you're "working on a deal," or have a deal under contract and are trying to sell it
- **Tracking, and aggressively correcting, your weekly lead generation**. If you've decided that you need to talk to 10 suspects a week to reach your goal, and it's Thursday, and you've spoken to 3 potential sellers, you'd better get online and start calling likely-looking FSBOs and for rent ads, and posting some ads on Craigslist, as well as getting your next week's mail (or whatever you choose to do) out earlier in the week so that you're not in the same position NEXT

[10] By the way, response rate on mailings, shotgun marketing, and even web marketing CAN be drastically improved by refining the audience and the message. The average response rate for the direct mail I use is around 5%, with some campaigns reaching as much as 12%. I teach this in my Real Estate Goddess's Guide to Marketing and, at a more basic level, in the wholesale academy and my wholesaling home study courses.

Thursday.

Keep in mind that the number of suspects you talk to each week is completely within your control, and is the biggest predictor of how quickly you'll do a deal.

<u>Do NOT</u>:

- **Direct market to people who own houses you think you can flip, as opposed to people who have situations you think you can solve**. In other words, don't mail every owner in a "hot" zip code—there's no reason to believe that most of those people want to sell at all, much less that they have a problem that can be solved by a lowball offer. Similarly, there's no reason to believe that just because an owner has high equity, or has owned his house for 10 years, that he wants to sell or sell cheaply.
- **Act based on a "gut feel" about your performance indicators**. One of the things I work on with my high-level coaching students is marketing response rates, both in the sense of the percentage of people who are calling from their marketing, and the percentage of THOSE people who are actually prospects, vs. just someone saying that they aren't interested in selling.

  I can't tell you how many times a student has said "[fill in the blank list that works everywhere] doesn't work here, I've sent out a lot of letters and only gotten like 3 calls." When I say, "How many letters, and how many calls, exactly?" they go back through their records and say, "Well, 98 letters, and really it was 5 calls, but none of them were really motivated. Well, except one guy, but I didn't call him back for 2 weeks and he'd already sold the house."

  Don't stop mailing anything, or using any marketing of any kind, based on what "feels like" is happening. KNOW. It's not that hard to make hash marks on a piece of paper to record how many signs were hung or postcards went out, and how many calls have come in.
- **Get obsessed with returned mail**. Any list you buy or create will have a certain number of "undeliverable" addresses—addresses where the property owner has moved, and either not left a forwarding address, or moved long enough ago that the forwarding order has expired. It's tempting to spend a lot of time and money tracking these sellers down, but don't.

Sure, Google them to see if you can get a better address, see if you can find them on Facebook, but don't waste your money with any of the online people finders—they have no information that you can't find online yourself. Real skip tracers, with proprietary databases that the public can't get, don't charge $15 or $39 to track down a seller—they charge $100+. Not worth it to MAYBE find a suspect.

For the money and time you'll spend tracking down stray owners, you could just send out more mail, or hang more bandit signs, or post more ads and probably get a better result.

On the other hand, if your list seems to have an unreasonable number of bad addresses—like more than 10-15%, you should consider trying to get a better list.

Lead Processing Dos and Don'ts

Once a call comes in, it will go through some level of processing. "Processing" includes:

- Interviewing the seller using your "seller lead form" to find out what he has, what it probably needs, the story behind the sale, and what he wants for the property.
- Online research, including finding comparable sales, looking at current or past listings of the property, and looking at photos/maps of the property and area.
- Formulating an idea of what your likely purchase price will be based on the after-repaired value, what the seller has conveyed about what the property needs, and your formula for deciding what you can offer on a property.
- Getting back to the seller, at which point you'll either tell him that:
  - Based on what he's told you about the property condition, his price looks close enough to warrant you taking a look at it, and setting an appointment to go see it
  - Based on what he's told you about condition and what you're seeing in terms of sale prices of other properties, you'd probably be closer to $xxxxx than to what he's asking for, and that there's no reason to set an appointment unless he thinks he can take something closer to $xxxxx.[11]
  - In very rare cases, that you can't do anything with the property at any price, because it's outside your area/not the kind of property you're interested in/in such poor condition and in such a rough area that he'd have to pay you to buy it
- If your response is #2, and the seller says that there's no way he can sell for that price, asking permission to follow up in a few weeks or months and then creating a reminder to do so.

Note once again, that the "processing" could end at any stage here.

A seller who's hostile, or who states that he's not motivated to sell at any less than full price or more, can be dispensed with fairly quickly—there's no reason to continue an interview that's going nowhere.

[11] This practice of making a "soft offer," even to sellers who you have every reason to believe will turn it down flat, is a really profitable habit to get into. Leaving a seller with "I can't pay you that price" doesn't have the same power as putting a price into his subconscious and letting it simmer there for awhile, nor does it give him the chance to say "yes" on the spot.

A seller who sounds motivated but who, upon further research, is asking a lot more for his property than you're likely to be able to sell it for, gets the return call but, usually, not an appointment.

I tell you this so that you don't think that 20 calls = 20 hours of work; if you're spending that kind of time on each and every suspect, you're not being realistic about the chances for success with each, and you're over-processing leads that don't deserve it.

Here are things to focus on:

- **Getting the information you need the first time.** The value of a good seller interview form is that it reminds you to ask the things you need to know, like why he's selling, and what he owes, and whether his roof is old. Ask ALL the questions of every seller, so you don't waste time trying to look up the information or having to call him back to ask.

> A seller who's unwilling to tell you what he wants for a property, or discuss the condition with you, or otherwise share information you need, is not that motivated. If he were, he'd give you the info you need to figure out whether you can help him.

- **Getting back to all sellers within 24 hours**. If you can develop this discipline, you'll be among the top 3% of all wholesalers on the planet. This means that within 24 hours of his initial call, you have spoken to and interviewed the seller, done your processing, and have gotten back to him with a yes, no, or maybe. This seems overwhelming when you first commit to it, because it might take you 2 hours to decide on an after-repaired value based on comps, but the more you practice, the faster and more confident you'll get.

And things to avoid like the plague:

- **Expending a lot of energy on unmotivated, or unfriendly, sellers.** When a seller says that he isn't all that interested in selling, and has all the time in the world to wait for his price, and won't negotiate, believe him. There's no need to do a lot of research on a property when a seller SAYS he knows he's asking full price, and won't take less. Also, it's rare, but occasionally you'll run across a seller who, from moment one, is just plain rude/mean/hostile. Politely get them off the phone, and then stop wondering what you did wrong. It wasn't you. It was them. And there was nothing you could have done to buy that house, anyway.
- **Torturing deals.** Trying to make the numbers of the deal—the ARV and the probable repair costs—fit what the seller wants is a huge mistake and a huge waste of time. Once you've seen what properties in his area are selling for, and done a quick evaluation of what he SAYS needs to be done (which is always less than what ACTUALLY needs to be done), you'll already know whether his "bottom dollar" is close to your likely offer price or not. Don't try to MAKE it

closer by re-evaluating the value and costs, just tell him what you can do and move on.

- **Over-processing leads.** You only need to know two things before setting an appointment to see the property: what you're likely to be able to pay (based on the comps and reported repair items) and what he wants. You don't need to verify his mortgage, or his back taxes, or when he bought the house, or anything else—you should already have that info from your seller interview form, and if he lied, you'll find that out in the title search. Make it quick and go on to the next seller

- **Second-guessing every lead you didn't go see.** If the seller sounded motivated but his price didn't, you're going to follow up in a few weeks anyway, so, as Queen Elsa famously said, let it go. The time you spend wondering if you could have made that deal work at the seller's price would be better spent finding more sellers to whom to talk.

- **Going to see properties that won't work, just because you have nothing better to do.** Don't spend the 1-2 hours it takes to get in your car and look at a property just because you don't have any real leads. And don't excuse doing this by saying that it's "for the experience." If you don't have any motivated-sounding sellers, spend your time finding motivated-sounding sellers, not wasting your life in houses you'll never get under contract.

- **Getting frustrated because "no one wants to sell below market.**" If I had a dollar for every wannabe wholesaler in my market who's said, "Everyone I talk to wants full price. The market's too hot, there are no deals here", *even in the face of the fact that I'm constantly putting deals under contract,* I'd be suffocating under a mountain of dollars.

  If this is happening to you, and you haven't spoken to a lot of sellers, get over it—you just haven't talked to a motivated one yet.

  If you've talked to hundreds of sellers, and not one has wanted to sell to you at a wholesale price, I'd ask 2 questions: First, what sellers are you talking to? Did you just start calling Craigslist ads at random, without looking for signs that it was a low-hanging fruit property? We're looking for suspects, not just people who own houses and want to sell them.

  Second, have you actually ASKED anyone if they'd take a lower price than what they're asking? 99+% of the calls I get start with the seller asking at least 20% more, and often 150% more, than I can pay if I plan to wholesale that house. 75% of them end that way, too. But the other 25%, when told that the price they're asking is substantially more than what I'm probably able to do for them, back down to something much closer to the real number.

With these high-leverage focuses and habits, you should quickly find some sellers who are motivated enough, with pricing expectations that are low enough, and with properties that are desirable enough, to move on to the next step, which is making the offer.

Part III
The Appointment, the Contract, and the Due Diligence

By the time you reach this stage of the process, you should have:

1. Interviewed the seller, and determined that he is very motivated to sell his property

2. Done some initial due diligence on the property, including looking up comparable sales online, doing a rough estimate of repair costs based on the reported condition, and perhaps looked at the location and surrounding properties on Google Earth

3. Come up with a probable offer based on the relevant wholesale formula (usually ARV x .7 – repair costs – your projected profit, though this may vary)

4. Communicated your probable offer to the seller, and gotten his agreement that he's motivated enough to sell for something in that range

Now, it's time for your on-site evaluation and due diligence, and to get the all-important "contract."

What to take with you on the appointment

There is little as frustrating as having to visit a property more than once in order to have the information you need to make your offer. So don't leave home without:

[ ] a list of your comparable sales, including details about sale price and square footage

[ ] your filled-out seller interview form including the phone number of the seller

[ ] a blank contract to purchase*

[ ] a blank property inspection form, to write down everything that needs to be done*

[ ] your cost estimating sheet, if you haven't memorized repair costs*

[ ] if you're an agent, a blank agency disclosure form*

[ ] a flashlight with working batteries*

[ ] a blank property inspection form (and, if required, repair estimate worksheet)*[12]

[ ] your GPS or Smartphone

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[12] Items followed by asterisks are things you should probably keep in your car at all times, along with Off! and rubbing alcohol, as fleas are fairly common in vacant houses, and a cordless drill with both Phillips heads and hex bits in a variety of sizes, and a large bolt cutter for removing padlocks where necessary. It's common, especially if the owner lives out of town or hasn't seen his property in awhile, to find that it's been boarded or padlocked by the city.

[ ] a camera or Smartphone

[ ] the lockbox number or entry instructions, if the seller will not be meeting you at the property

What to do on the appointment

Your goal is, if at all possible, to get all the information you need to make a final offer in a single appointment. To this end, you'll need to:

1. Leave at least ½ hour EARLY, so that you can first drive by the subject property to get a feel for how it's situated, THEN drive by your comparable properties, making notes on pros and cons of each comp (for instance, "next door to bar," not comparable)
2. Walk through the property with your inspection sheet in hand, making sure every line is filled out with notes on the condition, and what needs to be done. If there's an item on the inspection sheet that doesn't apply (because , for instance, the house doesn't have a basement), just write N/A.
    a. Take your time to thoroughly examine each room and each major component of the property.
    b. Don't worry about writing down every tiny $20 repair—just the major items that will be on your inspection sheet.
3. IF YOU FEEL COMFORTABLE DOING SO, and if the seller is there, work out an offer and making it on the spot.

Item 3 will become a must-do once you have your repair costs more or less memorized and can quickly add up the costs and run the numbers; it's both a time-saver, and a deal-saver, to avoid a second trip or a long delay in making your offer.

If you're new enough at cost estimating that you need to double-check your estimates, or ask about a repair you've never seen, or just take a breather to make sure you're thinking straight, that's fine—but give the seller a time when he can expect to hear back from you that's within the next 24-36 hours, and do whatever you need to do to stick to that timeframe.

In fact, for the health of your business, the success of your offer-making, and your own peace of mind, you should discipline yourself that within 48 hours of any viewing, you should have made a final verbal offer and either:

1. Have a written contract on the property, OR

2. Have an answer from the seller that isn't an acceptance or rejection, and deal with that in a timely manner. Examples would include a counter, a counter on terms ("I'll take your price but I won't leave the appliances"), or a delay by the seller ("I have some other people coming to look at it, but if no one offers me more I'll call you"), OR

3. Have a verbal rejection ("he didn't call me back" isn't good enough) and have filed the deal for follow up within the next 30-45 days.

<u>The ultimate goal, of course, is to end this step with a written agreement with the seller.</u> If you did this right, what you walk away with is a purchase and sale agreement that:

- Is as simple as possible: unless the property was listed, you would NOT use the "board contract" but rather a short-form contract.
- That still protects your deal, and reflects all of the terms of your agreement with the seller—including "soft" agreements that you assume the seller will comply with, but aren't part of the boilerplate. For instance, that the property will be cleaned out before closing; that he'll move before closing; that the riding mower stays—all these things must be in writing to be enforceable,
- That contains any state-required language—for instance, an attorney review clause in New Jersey,
- That contains an inspection/access agreement that allows you to get into the property as necessary to inspect it, show it to others, etc.,
- That contains a liquidated damages clause stating that if you don't close for any reason, the buyer agrees to accept your earnest money as full liquidated damages.[13]

What to do before you market the deal

Assuming that your appointment ended in a written contract, you'll need a few more things before you start marketing the property to potential buyers. These things should be able to be gathered within a business day, and include:

[ ] **A copy of any outstanding building orders or code violations against the property**. Always check for these once you're in contract, even if the seller tells you there are none, and always have a copy to present to potential buyers. They can be checked with the building department or code enforcement department; in some very rural areas, the fire department handles these or there might not be any department that handles them, in which case there will be no orders.

[ ] **A copy of any written leases on the property**. If the property is tenant occupied but the seller claims there's no lease, prepare, or have your attorney prepare, an Estoppel Letter to be signed by the owner that says that under penalty of law he swears: that the rent is what he told you it is, the deposit is what he told you it is, there's no written lease in existence, the rent is paid up through **____** date, and there are no agreements with the tenant that would keep you from getting possession of the property subject to tenant's rights.

[ ] **Digital copies of any pictures you've taken**

[ ] **Balances on any utility bills or liens, <u>if bills stay with the property in your area</u>.** Just as they don't generally cover building orders, title searches rarely cover water, gas, electric, sewer, and septic bills. If you live in an area where those bills "run with the property"—in other words, they exist as a lien on the house rather than as a debt of the person who used them—you'll need to find out, and document what they are so that you can inform the title company to make sure they're paid off from the seller's proceeds at closing. You'll be surprised to discover that the utility companies will freely give you the information about someone else's bill if you

[13] Guess where you can get a contract like this. Go ahead…guess…

tell them you're buying the property.

[ ] **Seller disclosures, if applicable**. Most of the kinds of sellers you'll be working with through this course are required, by state and federal law, to provide certain disclosures to buyers about their properties. In most states, a single "seller disclosure of property condition" is required for sales of residential properties; you can download this for the seller from your State's Department of Commerce or Division of Real Estate sites. In some states, other, separate disclosures are required (Radon, water rights, etc). Throughout the U.S., sellers of properties built before 1978 are required to give buyers a Lead Hazards Disclosure; this can be downloaded from EPA.gov.

While many wholesalers don't bother with these disclosures, thinking that it's the seller's liability if something goes undisclosed, I can tell you that having them, and giving them to my buyer, has saved me from a lawsuit on more than one occasion.

Some kinds of sellers are not required to provide these, including banks, executors, administrators, or personal representatives of an estate, and, in some cases, trustees settling a living trust for a deceased owner.

While it's not necessarily crucial that you have these to start the marketing process, you'll want them when you're ready to assign the contract, so get them to your seller within 24 hours, explaining that it's not you, it's the government that wants them. Don't sign as buyer—leave that part blank until you have a buyer to sign them.

[ ] **Ideally, you'll also <u>begin</u> a title search at this point**. If you've read my Real Estate Goddess's Guide to Wholesaling, you know that I collect my contract assignment fee when I assign the contract rather than at closing, and that the reason I'm able to do this is that I am also able to show the buyer a completed title search and insurable title. And the only reason I'm able to do THAT is that I start the title search the day I get the property under contract.

If you're not sure that your evaluation of the property, and thus the sale price, is correct, proceed immediately to registering for my wholesale academy so that you can get this important thing right. Meanwhile, I can understand why you wouldn't want to risk paying the $250-$500 for the title search out of your pocket when the deal doesn't close (when it does, your buyer or seller pays for it, so it's not a concern). But don't ALSO expect to get your assignment fee paid to you without showing clear title.

Why bother with all this additional due diligence before finding a buyer? So that you don't get caught flat-footed when the buyer tells you that he talked to the tenant, and the tenant said that she had an option to buy the house for just $3,000 more than you're asking.[14] So that when the BUYER checks with the city, and discovers that there's a "keep vacant" order on the property, you don't look like you lied to him when you told him that there were no orders—a "fact" you just repeated from a desperate seller. So that you're appropriately informed, so that your deal doesn't blow up over some stupid, easy-to-discover fact that the you could easily have discovered with a simple phone call.

[14] If you don't know why this is a problem, you've never turned 50 shades of crimson when a buyer said, "Why would I pay $50,000 for a property that's subject to an obligation that I sell it for $53,000?", and realized that had the buyer NOT found this out before closing and had bought it anyway, you'd probably be the subject of a lawsuit.

Dos and Don’ts of Getting the Deal Under Contract

Of all the stages in the wholesaling process, this is the one where people most often “fail:” they either fail to get the numbers right, and put the property under contract at a price where selling it at a higher price is a near-impossibility (a failure of education), or they fail to make the offer at all because they’re sure “The seller won’t take it,” or embarrassed to make an offer that seems incredibly low given the fixed-up value of the property (a failure of courage).

If you’re serious about having a wholesaling business that changes your financial situation in a meaningful way, you’d better get comfortable with these things as quickly as possible. And you know how you do that? The same way you get to Carnegie Hall—practice, practice, practice.

In the meantime, to maximize the chances that in this time during which you ARE practicing, and feeling like you’re completely clueless and certain to make a life-ending mistake at any moment, you still have the highest possible chance of getting a check at the end of all of this, here are some dos and don’ts for you.

DO NOT start marketing the property until you have a written contract. This newbie error has a lot of potentially bad consequences, but the key reason to avoid this is that without a contract, you have no product. You’re asking people to pay you money for…what? Finding a guy who wants to sell his house? Isn’t that pretty much what agents do, and doesn’t being an agent require a real estate license? With no contract, what’s your argument that you’re acting on your own behalf and not as an agent, exactly? Plus, you’ll end up getting burned. Trust me.

DO continue following up with sellers who turn you down because they “got a better offer.” My experience is that half the time, these “better offers” fall through before the closing, and if you’re still following up, you’ll be the one who gets the deal.

DO NOT delay or avoid making the offer because it’s less than you said you could do over the phone. Even with my supernatural seller-interviewing skills, I OFTEN have to tell a seller that my $60,000 over-the-phone offer is, now that I’ve seen that his house has a 15% grade from the right to the left side, is $5,000. Usually, he says no. It’s the 1 in 10 times that he says yes that makes it worthwhile.

DO NOT PANIC. You thought that the scariest thing you had to do in wholesaling was to make lowball offers? Turns out, the scariest thing is when the seller ACCEPTS your offer. After a few minutes of jubilation, it’s easy to let panic and second-guessing set in: “Did I offer too much? Is there something wrong with the property that I missed?? What if I can’t sell it???” Trust the process, move on to the next stage, and focus on getting your new deal sold.

Part IV
Steps to Selling Your Deal

So now you have a property under contract, and you've done the minimum due diligence and preparation to get it ready to sell. Time to find a buyer.

Exercising Your Two Ways of Getting a Buyer

If you have, and have bothered to read, some kind of complete wholesaling system, you already know that buyers come from 2 general sources: your buyer's list, which you work constantly to build during your entire wholesaling career, and the larger-but-harder-to-reach group of potential buyers out in the public.

If you've built a buyer's list, you should have multiple ways to directly contact the buyers on that list including:

[ ] Email

[ ] Phone

[ ] Text

You'll use all 3 of these methods to let these buyers know you have a possible deal for them, putting extra focus on those that have 1) purchase deals from you in the past or 2) have expressed a particular interest in the specific area in which your deal sits.

Simultaneously, you'll reach out to "unknown" buyers in the general public, using some combination of these advertising media available to you:

[ ] Craigslist and other public sites, best reached simultaneously through postlets.com,

[ ] Visiting and creating flyers for local Real Estate Associations and Meetups,

[ ] Bandit signs, particularly within a few miles of the property and particularly located at places where investors and renovators are likely to congregate,

[ ] Public/private forums like your association's website, your own website, groups on Facebook, Meetup, LinkedIn, biggerpockets, and so on.

Dos and Don'ts of Marketing to Buyers

As when dealing with prospective sellers, you'll find that prospective buyers are a mixture of tire kickers, people who are earnest but can't perform, and serious, qualified buyers.

The more potential buyers you reach, the more of the "serious, qualified" type you'll actually talk to, and the sooner you'll sell your deal and get paid and stop worrying.

But at the same time, you have to be saying things that get the attention of and pique the interest of the people you need to sell to—investors who are cash buyers. So…

- **Focus your marketing on the things investors care about**. Which is to say, how much money are they going to make and how much is it going to cost them to make it. Focusing on the beautiful deck is a waste of marketing space; your buyer isn't going to live in the property. Tell him what he needs to know—whether it's a good rental or a good retail deal; what the terms are (usually cash); who it would be good for (a professional rehabber looking for a quick flip, a landlord looking for high cash flow, a landlord looking for a near-turnkey property, etc.)

- **Do not understate, overstate, or exaggerate**. If the property is clearly in a rental area, don't waste a potential buyer's time by telling him it would be a good rehab flip. If it needs $20,000 in labor and materials to repair it, don't play the game of saying it needs $7,000, and then try to explain to the P.O.ed potential buyer that this was if he did all the work himself. You'll alienate potentially good buyers, and lose them forever.
- **Don't overprice your deal to "leave negotiating room."** This strategy will turn off some potential buyers to the point where you never hear from them at all, and train the rest that your price is always negotiable. Ask the price that you've calculated makes sense for a serious buyer, then don't budge on that price unless you absolutely have to.
- **Don't include the address, or a picture of the exterior of the property, in any public advertising**. Your goal is to generate a call or email from the unknown buyer, so that you can get more information about him, so that you can add him to your buyer's list (or decide not to work with him at all). The best way to do this is to advertise how much he can make, telling enough about the neighborhood, size of the property, and condition to get him interested, and then make him call to get the address.
- **Advertise what you HAVE**. You're not selling a property, because you don't own a property. You're selling a contract, and you should disclose that in any advertising where there's room to do so. Unfortunately, Craigslist, Zillow, and other online forums don't have a "contracts for sale" section, so do this by placing notification at the bottom of the ad that says I am assigning my interest in a contract to purchase. Don't say you have a property for sale, say you have a DEAL for sale, because that's what you have.

What to Do When Buyers Contact You

Your goal in this process is twofold:

1. To get your current deal sold—that is, get your assignment fee and move on—as fast as possible,
2. To make connections with real buyers so that they're on your list for the next deal you find.

Your buyer's goals are different than yours, though. What they want is to:

1. Find out as quickly as possible WITHOUT having to go to the property whether it could potentially work for them,
2. Find out how little they can buy it for,
3. Take as long as they need to make a decision, come up with the money, etc.

When talking to buyers, don't let them control the situation or the conversation. There are plenty out there, so don't be a "beggar." It's your deal, if they want it they need to go through you and follow your process.

And your process should include controlling when the buyer sees the property, who he talks to and how, how quickly he needs to make a decision, and the contracts and closing, which we'll discuss in the next section.

So, your conversations with buyers—particularly those that are not already known to you via your real estate association or buyer's list—should take the same sort of planned format as your conversations with sellers. Generally, you want to:

- Get the prospect's name and contact information,
- Ask him what he's looking for and how many deals he's done,
    - If this is his first deal, strongly consider NOT selling it to him, but rather recommending that he join your local investor's association. Selling to first time buyers is fraught with issues that are better left to a discussion of "why" we do things than this list of what to do, so just trust me on this.
    - If he intends to LIVE IN THE property, see above.
- Explain that this must be a cash purchase, or that he must come to the table with hard money or private money, and ask if this will be problem.
    - If he indicates that he doesn't have the cash, or will need to get a bank loan, just (nicely) tell him that this property won't qualify for a bank loan and that you can only really work with cash buyers on it, recommend him to a hard money lender, and get him off the phone.
- THEN tell him all the reasons he should buy it (profit, benefits, features).
- Ask when he'd like to see it,
    - It's good to hold an "open house" if possible, because lots of buyers will stand you up at these appointments,
    - If the property is occupied, either by a tenant or the owner, ask him to drive by it first and make sure he's interested, but emphasize that he's not to walk around the property or talk to the occupant.
- Emphasize that you've had a lot of interest in the property and expect it to be sold within the week, make sure he understands that if he delays he's likely to lose it.
- If this buyer is your only appointment during the scheduled time, tell him you'll call him an hour before to confirm and that if you don't get in touch, you won't be there.

Once a potential buyer has seen the property, ask if the deal looks like something he wants (and if not, what he DOES want that's different) and in what timeframe you can expect a decision. Follow up with all prospects about what they've decided, and why—it's valuable information about this deal and about that particular buyer.

You will also run across certain kinds of "troublesome buyers," just as you do troublesome sellers, including:

- **Buyers who don't understand wholesaling.** I've had callers tell me that what I'm doing is illegal, or must be illegal, or is immoral, or who, once they decide they want the property and I tell them that they have to pay me, and then close with the seller, tell me I'm running a scam and am a crook. I have little time to try to change someone's mind or explain what REAL wholesaling is to someone who's so new to the business that they've never heard of it (in which case I probably won't sell to them anyway), or who has their mind so set that it can't be changed. If the prospect is curious rather than hostile, I'll explain a little about how it works, and give them some resources to research it more on their own, but I won't waste an hour trying to convince someone who thinks I'm trying to rip him off that it's all OK.
- **Buyers who want to make the rules.** I'll occasionally talk to a buyer who, when he finds out that I'm wholesaling the property, wants to tell me how it's going to be. One even said that he retailed 100 properties a year, and the way he worked with wholesalers was that he paid a $500 birddog fee, regardless of the value of the property, or how little the wholesaler had it under contract for. These are typically experienced buyers who've had bad experiences with wholesalers, and, again, it's not worth a lot of your time to convince them that you're different.
- **Hostile buyers.** Similarly, you'll talk to people who seem hostile from moment one, telling you that you're asking too much for the property before they even see it, that you can't wholesale it because you don't own it, that you're an idiot because you misspelled a word in your ad, that all wholesalers are predators who should rot in hell. For the sake of your own inner peace, get them off the phone, block their emails or texts, take a couple of deep, cleansing breaths, and mentally send them out into the universe and out of your head, and never think about them again.
- **Buyers who want to know what you're making before they even know what they're making.** Buyers who DO know what wholesaling is are sometimes quick to ask how much you have the property under contract for. This is only the business of a buyer who's ready to pull the trigger and write you the check—that's the point at which he has the right to know, or care, what you're making. When buyers ask me this question, I answer, "The total, all-in price to you is $xx,xxx. Let's see if you like it at that price before we talk about what the price is to me; if you don't want it at $xx,xxx it really doesn't matter what my price is."
- **Buyers who are clearly other wholesalers.** If you have your deal posted in Craigslist, or on the semi-private forums like your group's website or online groups, you will undoubtedly be approached by other wholesalers who want to "joint venture" or "co-wholesale" with you by bringing a buyer to the deal and splitting the assignment fee with you. For a variety of really, really compelling practical and legal reasons, this is not something you want or need to do. Just explain that you're not prepared to split this particular deal and thank them for their interest—and be prepared for a potentially hostile reaction. For some reason, wholesalers today seem to think that your deals are public property that they should be able to profit from, and that if you won't "play," you're a bad person. Again, deep breath…

If Your Deal isn't Selling…

Once your deal is under contract, your job is to get it in front of as many potentially qualified eyes as quickly as possible. In the current, hot market, any good deal should be sold in 2 weeks or less; if yours isn't, consider these things:

- **Where's the breakdown?** Are you not getting calls at all (in which case the problem is probably that you're not marketing enough or not saying the right things in your marketing)?

  Are you getting calls but no one is going to look at the property (in which case you might be saying the wrong thing on the phone, or not asking for an appointment, or what you're saying and what your marketing says are so different that people interested in the ad aren't interested in the property once they talk to you)?

  Or are people seeing the property but not making an offer (in which case you could be attracting tire-kickers, or you could need to consider the next bullet point)?

- **Is it, in fact, a good deal?** The primary reason well-marketed deals don't sell is that they're not good deals.

  Are you getting a lot of feedback from prospects saying that the ARV is lower than what you've said, or the repair costs are higher, or that you've missed some repairs? If you hear that often enough, it's time to take it seriously and lower your price, renegotiate with your seller, or let the deal go. Or, if you like, pay an experienced investor $100 to come over and review the deal for you and tell you what, if anything, you did wrong.

Beating a dead horse is useless and draining on your time, energy, and ability to go find a better deal.

One Last Piece of Hard-Won Advice:

A deal isn't sold until you have money in your hand. I don't care how enthusiastic your buyer seems, or how reassuring he is that he'll have the money at closing, or how definite he is about how you can stop marketing right now because it's sold. Until your assignment fee is in your hand, or in escrow, keep marketing that deal, and tell any "buyer" who's insisting that he wants it that it's a first come, first-served kind of situation.

You can ask me how I know that sometime.

Once you've secured a real buyer, you can move on to the final stage, which is to get the assignment completed, get paid, and get the deal to closing.

Part V
The Assignment and Closing

The longer you hang around with other wholesalers, the more you'll discover that there's actually no such thing as "wholesaling."

Some practitioners (and wannabes) will insist that the only right way to do it is to CLOSE your deal so that, in theory, your buyer doesn't know what you're making and thus balk at paying it, (which is silly, because if he wants to know what you're making, he just needs to wait a week and look up your purchase price in the public record).

Some will tell you that no buyer will ever pay for an assignment upon assignment, but only upon closing, and that asking just makes them angry.

And some will say, in defiance of things I've already told you, that newbie investors are your best customers because they'll pay more; that you should let your buyer arrange the title search and closing, that you shouldn't bother with deals that will only sell to landlord/buyers, because there's not enough money in them, that co-wholesaling is the best way to operate, and a dozen other things.

I'm not going to say that these divergent opinions of how wholesaling works are wrong. It's been my experience in more than a quarter century in the real estate business that I, and other investors, "see" exactly what we expect to "see" in the business.

If I believe that no one will want to pay an assignment fee upon assignment rather than at closing, guess what? No amount of insisting that they do it that way will work.

If I think that there are no private lenders out there who will give me extended transactional funding to close a deal, I won't find any no matter how hard I look—and this will continue to be true even in the face of evidence to the contrary in the form of other people doing it all around me.

So are these various opinions "wrong"? No, they're all things that, I assume, are working for those who practice them—but I am going to say that there's a cheapest and safest (for you) way to get paid and get to the closing, and that's the way I'm about to describe.

3 Possible Routes to Your Pay Day

In my world, there are 3 ways that a deal is going to get assigned and closed, and each has distinct tasks associated with it.

1. **A simple assignment**. This is what happens most of the time, in most of the kinds of deals we've discussed as being "low hanging fruit" in this course. If the seller is an individual, you used your own purchase agreement (which doesn't have a non-assignment clause, of course), and the seller isn't under crazy time pressure (i.e. "I have to sell in 10 days because I'm going on a mission trip to a tribe in South America that believes that technology is evil, and will kill me if I bring a computer or cell phone,") this is your route.

To complete a simple assignment, you'll need:

[ ] **A purchase agreement for assignment**, which completely outlines all of the financial and legal agreements between you and the buyer, and states that the assignment of contract will be given to the buyer upon full payment of the assignment fee.

[ ] **An assignment of contract**, which states that in return for valuable consideration (the amount of which is unnamed), you assign your purchase agreement to the buyer. This will not be signed until you have received—or the buyer has escrowed—the full amount of the assignment fee.

[ ] **Potentially, an escrow agreement for assignment fee**. Some buyers, having been trained by other wholesalers that it's standard operating procedure to tie up a deal for weeks with little or no skin in the game, then pay the assignment fee when and if they actually decide to close, will balk at giving you money up front. In this case, you'll need to offer the option of escrowing the assignment fee with an attorney or title company (whose doesn't matter, but it probably shouldn't be the same one that's closing the deal), agent, or someone else with a regulated escrow account. To protect your rights to this money—because you do have an absolute right to it, unless the seller can't, or won't, sell—you'll want a detailed set of escrow instructions signed by you, the buyer, and the escrow agent.

2. **An entity assignment[15]**. If the seller is a bank, or the property is subject to a short sale, or it's an MLS property in an area where MLS contracts have a non-assignment clause (in other words, it's a situation wherein the contract itself is not assignable), AND if you were smart enough to contract the deal with an entity initially (I prefer land trusts), then you'll sell your interest in the ENTITY prior to the closing, rather than assigning the contract.

   To complete an entity assignment, you'll need:

   [**]** **An entity**, preferably a land trust, into which to title the property when it's purchased

   [ ] **An assignment of interest in that entity**, which in the case of a land trust will be an assignment of beneficial interest in land trust

   [ ] **A purchase agreement for the assignment of that beneficial interest**, which again details the financial arrangements, reflects the rights and responsibilities that are being transferred, and so on

   [ ] **Potentially, an escrow agreement for the fee for the assignment of beneficial interest**.

[15] This should NOT be a strategy you need to use if you've focused on the deals I told you to focus on in this course. However, it's an incredibly powerful strategy for wholesaling deals when the contract you're forced to use is non-assignable. It's made me literally half a million dollars or more since I invented it. If you don't understand it, you REALLY need to get The Real Estate Goddess's Guides to Wholesaling, which contains both the full explanation and the docs for doing this. Go to www.REGoddess.com to order.

An Important Note: In each of these 2 cases, you are asking the buyer to pay you for your product—the assignment of the contract that gives you the right to buy the property at price $x—BEFORE he has actually gotten title to the property. This, in my opinion, is the correct way to handle assignments, since assigning him those rights BEFORE you've collected your profit is basically giving away the thing you've worked to get, then hoping the buyer pays you. At the same time, let me emphasize again that no intelligent buyer will give you one dime until he sees a title search showing that the title will be clear, marketable, and insurable at closing. Get that title search.

3. **Close, resell**. This is a strategy you ONLY need to use in unusual circumstances, such as when the seller is under extreme time pressure, or when you're buying an entire package of properties that you're unlikely to be able to sell to a single buyer, and so need to close some or all of them to give yourself the time to find individual buyers for them. "I don't want my buyer to know what I'm making" isn't a reason to do this, because a) it will cost you money from your wholesale fee and b) a buyer who cares so much about what you're making, that he can't bring himself to make a deal that makes HIM lots of money isn't worth dealing with.

   Typically, you'll close these deals with some sort of private money or "extended transactional funding," which is a short-term, high-interest loan created for the purpose of temporarily closing wholesale deals so that they can be resold.

   Should you, for some reason, need to close the deal, no assignments are used (because by the time you sell the deal, you'll own it). Instead, what you'll need is:

   [ ] **A lender**

   [**] Appropriate loan docs**. If you're working with a transactional funding company, they'll provide them. If you're borrowing from a private lender or partner, you'll have an attorney draw them up. These will usually consist of a mortgage, or deed of trust, and a promissory note FOR EACH PROPERTY, or a blanket loan/note specifying the amount that the lender will need to receive for each property in order to release the lien from that property.

   [ ] **A purchase and sale agreement for your buyer**. Since, once you've closed on the deal, you're the owner and therefore the seller, you'll use a full purchase and sale agreement to sell it. However, this will be different from the one you use to buy or the "board contract;" you'll probably want to make the earnest money non-refundable, eliminate any inspection, financing, or liquidated damages clauses, and have the buyer pay as many of the closing costs as possible

And Don't Forget These Important Docs:

When you assign the contract or entity, or when you sign a purchase and sale agreement with a buyer, don't forget the other documents that the buyer will need to see, in some cases sign, and get a copy of (remember to make a copy for your file as well).

[ ] The original purchase agreement—the buyer can have a copy, you should keep the original,

[ ] Copies of any building orders or code violations (the buyer should initial this to indicate that he's reviewed it),

[ ] Copies of any leases on the property (the buyer should initial your copy), and

[ ] Seller disclosures (the buyer should sign these as buyer, you should keep a copy).

Final Steps:

At this point in the process, you are probably "out" of the deal. You've been paid, the buyer is now responsible for fulfilling the terms of the contract, strictly speaking, unless you're the trustee in the land trust or reselling the property post-purchase, you can move on.

However, if you want to provide the best experience possible for your buyer, you've probably already selected the title company, gotten the title search, and have the deal ready to close there—and you have a seller who has no idea what's happened in the background, and is expecting to see you at the closing.

So here are some additional steps you might want to take to make sure the rest of the deal goes smoothly, with no confused sellers, angry buyers, or unnecessary delays.

1. **Go ahead and schedule the closing for your buyer and seller**. Your Attorney or Title Company may well handle this for you, but stay in the loop and make sure that there's a closing scheduled before the contract date.
2. **Review the HUD1 before closing**. Many times attorneys and title companies go on autopilot when preparing these, and put "standard" seller costs on the seller side and "standard" buyer costs on the buyer's side, even when the contract (which they do have) says something completely different. Your buyer is unlikely to notice these things, so notice them for him:
    a. **Are the costs where they're supposed to be**?
    b. **Have any rents and security deposits been deducted from the seller's side**?
    c. **Are any utility bills due deducted from the seller's side**, or on the closing statement to be paid?
3. **If the closing will be face-to-face, be there.** Face to face, or round table, closings are becoming rarer even in areas where they've been common, but if there will be one, you might want to attend. Why? So that you can introduce your buyer to your seller ("I don't think you've met Jake, he came out to inspect the house and liked it so well that he's

bringing the money today,") and generally make sure all goes well.

As a buyer of wholesale deals, I've been to more than one closing where the seller freaked out not because I was there instead of the person he'd been dealing with, but because he didn't understand that there would be real estate taxes deducted from his proceeds because taxes in our area are actually paid 6 months – 1 year in arrears, or something similar. It should NOT be my job to try to calm down YOUR seller, and when he's yelling for you because he doesn't know me, you should be there to smooth things over.

Congratulations! Now What?

So you've gotten a deal to a successful closing.

You've gotten a check that might well equal an entire month's salary for most Americans.

Now what?

Well, do it again. The second deal will be so much easier and more stress-free than the first, and by the time you've done 10, you'll really trust the process and stop wasting time and worrying so much.

But at that point, you'll start to wonder how you can do deals more consistently, with less of your own effort, and how to systematize the process so that it becomes like clockwork.

That next step, when you're ready to take it, is what I walk you through in The Real Estate Goddess's Guide to Building a Wholesaling Business, and work one-on-one with people on in my FastTrack Mentoring program.

I'd love to work with you to help you build a real business that provides you and your family with more income, more choices, more time to do the things you really want to do, but I'm going to have an awfully hard time helping you if you don't commit to some more study and education.

You can do that by going to www.REGoddess.com and checking out the options I offer for wholesalers at various stages of their careers.

I hope this manual has been valuable in helping you understand the actual steps to wholesaling a deal, and what you need to do within each, and I hope to work with you again in the future.

To our mutual success;

Vena