



RealStart 101: Wholesaling for Quick Profits



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Vernon Vaughan

Vernon is born and raised in the Washington, DC area. He started learning about real estate investing in 2001 and did his first deal in 2003. Vernon spent a few years as Market Research Project Manager prior to deciding to fire his boss in 2003 and never looked back. Since starting his career, he and his partners have done deals in several states and was named a finalist for "Real Estate Investor of the Year" in 2005. The prize was a shiny red Dodge Viper. While he was not chosen as the winner he was proud to be recognized by his peers for his rapid progress in such a short amount of time. He was so inspired that he went on to start his own contest where he will give away his Jaguar Convertible. He is referred to as the "T-Shirt and Blue Jeans Real Estate Investor" because of his laid back style and personality. He is a regular featured speaker at real estate investment conferences and meetings, conference calls, and a frequent radio show guest. Always looking for a new challenge, in 2006 Vernon became one of the small percentage of people in the nation that are both a licensed Realtor and a licensed Appraiser.

What is Real Estate Investing?

Being a Real Estate Agent -VS- Being a Real Estate Investor

A common misconception is that you need to be a licensed Real Estate Agent to be Real Estate Investor. You do not have to be a Real Estate Agent to be a Real Estate Investor. You can be both, but you don't have to be. Furthermore, you can be great at one and terrible at the other.

A Real Estate Agent works for the home owner or home buyer and looks out for their best interest. They receive compensation in the form of a pre-determined sales commission.

A Real Estate Investor primarily works for himself/herself and receives a profit based on the deal that they are able to negotiate.

There are some things that are common among the two occupations:

- 1) You are running a business and you need to operate in a businesslike manner.
- 2) You will need to get over the fear of rejection. People will tell you "No". Each "No" gets you closer to a "Yes".
- 3) It's not about the house. It's about the people or person that owns the house. Your ability to relate with the people will largely determine your success in either business.
- 4) Marketing, Marketing, Marketing, Marketing, Marketing.....you have got to market!

There are a couple advantages to being an agent. As an Agent you will have unfiltered access to the MLS (Multiple Listing System) and the ability to view comparable sales, which we will talk about later. However, there are ways to have MLS access and view comparable sales without being an Agent.

What exactly is flipping and is it illegal?

The term “flipping” is one of the most commonly misused Real Estate terms. The truth is that the term has three meanings and it really depends on who you are talking to.

The Real Estate Investor community’s definition of flipping

Real Estate Investors define flipping as placing a property under contract and re-assigning that contract before going to closing or at closing, and usually without doing any work to the property. This is more commonly referred to as Wholesaling. Later, we will go into the specifics of Wholesaling.

HUD’s (Dept. of Housing and Urban Development) definition of flipping

HUD defines flipping as a fraudulent activity. The HUD definition says, “Property “flipping” occurs when a recently acquired property is resold for a considerable profit with an artificially inflated value. Predatory lending results when home purchasers become unwitting victims of lenders, sellers and appraisers, often working together. The unsuspecting homebuyers either purchase homes with sales prices far in excess of the fair market value, or are substantially overcharged for costs associated with obtaining a mortgage”.

The general public’s definition of flipping

Have you ever watched A&E, Discovery Channel, or Bravo? Maybe you have seen the shows “Flip that House” or “Property Ladder”. Maybe you’ve read Fortune Magazine or viewed news from MSN while you are online. They usually talk about a “Flipper” that bought a house, fixed it up, and is resold it for a profit (hopefully). This is incorrectly referred to as flipping when it should be called Rehabbing.

As referred to by Real Estate Investors (and even Pop Culture), flipping is not illegal or unethical.

Ways to invest in Real Estate

There are several ways to invest in real estate. We will talk about Wholesaling in-depth and will touch on Rehabbing and Landlording.

Wholesaling

So as to not confuse those that you may be talking to (and not to confuse yourself), you should refer to flipping as Wholesaling. Wholesaling is the act of putting a property under contract and reassigning your contract to another investor for a higher price. 9 times out of 10, the whole seller isn't doing ANY work to the property before reassigning his/her contract. Both novice and experienced investors alike love this technique because Wholesaling requires no credit and virtually no money. The \$15,000 paydays are another reason to love Wholesaling.

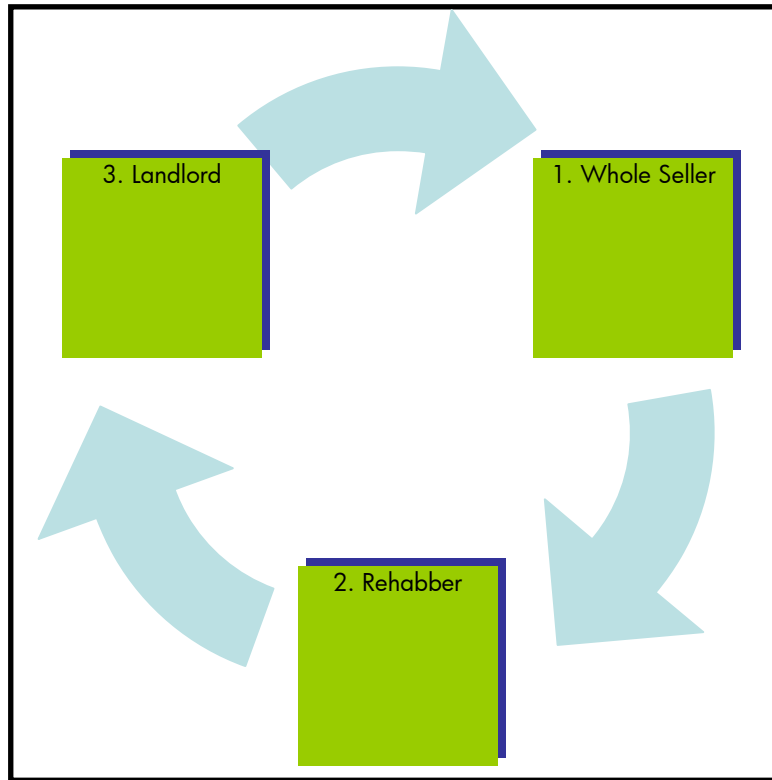
Rehabbing

This is what many, many, many people are incorrectly calling flipping. Rehabbing is the act of buying and closing on a property, renovating and updating the property, and selling the property for a profit. Cash or credit is usually needed for the acquisition and/or renovation expenses. Because of this, as well as the risk factor, it's recommended for experienced investors or those with experienced partners/mentors. The risk can be well worth the reward as it's common to see \$50,000 or even \$100,000 pay days as a rehabber.

Buy & Hold/Landlording

If Wholesaling and rehabbing are quick 5 digit (\$10,000 and more) paychecks, then Landlording is your equivalent to a 401K retirement plan. The idea is that you build up passive income and huge amounts of equity over time. Imagine this: Starting in 2007, you acquire 4 properties a year for the next 10 years. Each property provides a minimum of \$200/month in positive cash flow. In 10 short years you will have a total of 40 properties and enjoy a passive cash flow of over \$8,000 a month! As if that wasn't good enough, you will have a multi-million dollar net worth. Yes, you will be a multi-millionaire and have an annual passive income of \$96,000.

The Natural Progression Cycle



The most popular investment type would have to be rehabbing. There are TV shows, and newspaper and magazine articles dedicated to rehabbing. Rehabbing also happens to be one of the easiest ways for a new investor to forever part ways with his/her hard earned money or good credit score. It is not recommended for a new investor to start at rehabbing or even being a landlord.

It is our recommendation that a new investor start with move into rehabbing and then being a landlord. Rehabbing and landlording can be resource intensive and require cash, cash reserves, and credit.

Once you've gained experience and have moved on to rehabbing or landlord, you can always whole sell whatever doesn't fit rehab or rental property criteria.

Investment Type Comparison

| | Resources Needed | | | | |
|-----------------|------------------|---------------|---------------|----------------|----------|
| Investment Type | Cash Needed | Credit Needed | Project Mgmt. | Property Mgmt. | Capacity |
| Wholesaling | | | | | 12/year |
| Rehabbing | √ | √ | √ | | 6/year |
| Landlording | √ | √ | | √ | 6/year |

Can you see why Wholesaling is a great place to start out at? What more can you ask for if you are an investor that is strapped for resources such as time, cash, credit, or project/property management skills. You can also complete a lot more whole sale deals in a lot less time when compared to acquiring and selling rehabs or acquiring and renting rental properties.

The fact is that rehabbing properties and being a landlord are a lot more time intensive or require cash reserves to cover mortgages if the rehab takes longer than expected or if your property is sitting vacant while you are searching for a tenant.

You will likely want to start rehabbing and being a landlord as you build your confidence (which is key to this business), knowledge, and investment capital. However, too many newer investors have been wiped out of this business because they have taken on a rehab or rental property without having the necessary knowledge or investment capital. The end result is that they lost money, damaged credit, and lost their confidence. Sadly enough, their investment careers ended before they even got started.

Wholesaling is the term used to describe the situation where an investor finds a property at a price that would be attractive to other investors, either purchases it, or creates a controlling interest through a contract, and then re-sells it, or assigns their contract to another investor for a wholesale fee.

Wholesaler Vs Typical Home Purchase

Wholesaler

Seeks Controlling Interest
Multiple Exit Strategies
Purchases at deep discount
Agents not Required
Deal making on Financials
Ugly House no problem
Bank Loan not Required
Bad Credit no problem
Large Deposit Unnecessary

Home Buyer

Seeks Ownership Interest
One Exit Strategy
Purchases at Retail Price
Agents usually required
Deal making on Physicals
Pretty House is priority
Bank Loan usually needed
Good credit usually needed
Deposit or Down payment

Ownership -VS- Control

You can control property without actually owning it. This may come as a complete shock to you. The law states that even by entering in a contract to purchase property, the buyer has some ownership interest in the property. An example would be a sales contract that states that they owner has to sell the property to the buyer within in a set amount of time, for a set price amount. If the seller decides to change his/her mind, there could be penalties involved or the buyer could file suit for breach of contract.

Why would you want to control without ownership? One reason would be taxes. State and County taxes must be paid each time ownership is legally transferred from one owner to another. Another reason to avoid switching ownership is capital gains taxes. Yet another reason is that your buyers may have financing that requires the previous owner to have owned the property for 3 months prior to selling.

Control is often more important than ownership if your intention is to wholesale a property or to leave the existing financing in place so that you can implement some other short term exit strategy.

It may be a little difficult for some people to embrace the concept that control can be better than legal ownership. Consider this, a homeowner that believes that he or she owns their home will have an eye opening experience if they stop paying their mortgage. They will see that the mortgage company is the true owner.

Furthermore, a wonderful thing (we are being sarcastic) called Eminent Domain states that the Government (Federal, State, City/County/Local) can TAKE your property if it's in the best interest of the "public". The government does have to give you fair compensation. Who decides what is considered fair compensation? The same government that is taking your property!

Your mastery of various techniques of controlling properties will infinitely expand your ability to offer creative solutions to sellers and create profitable situations.

Just a couple of the ways that you can control property without owning it.

- Contract to Purchase (prior to closing)
- Option to Purchase
- Land Trust
- Power of Attorney

Many people are skeptical when they watch late night infomercials that talk about real estate Investing with no money down, and no credit. The lukewarm reception that late night infomercial gurus get is deserved because of the way that they present the information. They really do make it seem like it is some top secret that only they know about and it can be yours if you order within the next 20 minutes.....and you will receive a free audio tape (which is a \$100 value).

The fact is that creative real estate investing isn't a new concept and no single person harnesses the power to use the techniques. No one has a patent on wholesaling! If cash or credit is an issue (and it almost always is at one time or another), then being well versed on controlling real estate without having to obtain new financing, will serve you well.

Getting Ready for Business

Real Estate Investing is a business and your customers will expect you to be a professional. You will want to project an image of being well organized and knowledgeable.

- 1) Get a virtual office set-up at www.freedomvoice.com. This allows you have a 1-800 telephone number, various extension numbers (i.e. "departments"), and music on hold. The cost starts at about \$30/month. The 1-800 number will forward to your cell phone. It is important that you try to take all incoming calls. Homeowners don't like talking to voicemail.
- 2) Set up an e-mail address that is dedicated to your real estate investment business. Using your employer provided (example: JohnSmith@us.gov) as e-mail isn't a good idea for a couple of reasons: You'll have to get a new e-mail address when you decide to fire your boss one day. Customers will know that you are "part timer". Legally, your employer provided e-mail address and all the messages sent to and from the e-mail box are the property of your employer and they can check it whenever they want to.
- 3) Set-up a website. You don't need to spend thousands of dollars on building a website. You can build your own at www.godaddy.com or you can get template based website. You will find more than enough choices if you Google "real estate investor websites"
- 4) Get business cards. Don't try to emulate large corporations and do what is called Logo marketing. That is when your card doesn't really say what you do or what service you provide, instead it just prominently displays a meaningless company logo. Try www.vistaprint.com for good looking, inexpensive business cards. They also sell postcards.
- 5) DON'T WORRY ABOUT SETTING UP AN LLC OR CORPORATION....YET!

MARKETING PLAN

Who is your target client?

How do you get them to call you?

How much can you spend to get them to call you?

How much time and effort can you afford to get them to call you?

What are the most important resources for this stage of your business?

How do you plan to finance your marketing efforts?

How do you plan to finance your purchasing efforts?

How do you plan to market your properties?

How do you plan to re-invest your profits?

For wholesalers, more specific questions that need to be answered:

- a. How much will the average deal bring in?
- b. What is the average number of incoming calls it takes to get 1 deal?
- c. What is the average amount of effort or amount of marketing tools/materials that must be expended to generate those calls?
- d. What is the average amount of dollars that has to be spent to generate that number of incoming calls?

Unfortunately, the newbie wholesaler who most needs this sort of business planning, has no clue how many leads it takes to generate 1 deal, or how much effort it takes to generate one qualified lead.

The situation is not much better for experienced investors who don't track their marketing. It is possible for one to get 10 leads that turn out not to be deals, and then to get 2 straight leads that end up at the settlement table.

The good news is that proper positioning of your business in the right market tends to bring more reliable results by pre-qualifying your clients before they call you. There's another solution to this lack of knowledge, and that's...VOLUME.

Jim Rohn, the famed business philosopher, said, "If you do something often enough, a ratio will appear". This simple wisdom is the key to your success in meeting your goals... if you can internalize it. For the purposes of your goal setting, this means that you should do as much marketing as your time and energy will allow. The more experience you have, the more you will be able to see patterns of predictability in your marketing and business.

The following exercise will show what I mean.

Since I live in Prince George's County, Maryland and can calculate that my average deal is going to bring about \$12,000 (a very conservative estimate), this means that I need about 9 deals a year to meet a goal of \$100,000 in income.

If I need 15 pre-qualified leads to generate 1 deal, my marketing will need to generate 15 pre-qualified leads x 9 deals = One hundred – Thirty Five leads over 1 year, to bring in \$100,000.

This means I almost 3 pre-qualified leads per week. Generating 10 leads a week will likely yield 3 pre-qualified leads. This is very challenging but very far from impossible. To accomplish my goal, I have my pick of some of the strategies listed below.

Marketing Tools for the Wholesaler

- a) Outdoor (Bandit) Signs
- b) Classified ads in Newspapers and Magazines
- c) Referrals-Bird dogs
- d) MLS offers
- e) Fliers (or Post-It Notes)
- f) Vehicle Magnets or Vehicle Wraps
- g) Volume Direct Mail (Envelopes and Postcards)
- h) Individually Targeted Mail Solicitation
- i) Business cards to every one you meet.

THE SHOCKING **MARKETING SECRET NO REAL ESTATE GURU, COACH OR MENTOR EVER TELLS YOU!!**

Everything works! Virtually everything you have ever read or ever heard about how to market to motivated sellers works. Every way you can think of to tell as many people as possible that you can "BUY OR RENT" their house works. The secret is to build marketing systems and routines that allow you to DO EVERYTHING and still have a life.

The sooner you can DO IT ALL, the sooner you'll be on your way to fabulous wealth. For the short term, I will show you to market on a very limited budget. However, in the long run, you will only win by DOING EVERYTHING and the only way to do everything and still have a life is by implementing the 3 keys.

3 Keys to Ultimate Marketing and Business Success

- 1) Delegate
- 2) Automate
- 3) Self-Replace

Bandit Signs

The best bang for your buck in my experience. Depending on where you live, they may be illegal. Check with the ordinances in your city. I have had success using these at high visibility intersections in unincorporated cities. They are time and effort intensive but well worth the effort. There are services available to investors to do put out these signs and retrieve them after the weekends (\$1.80 to \$2.00) per sign.

MLS Offers

I started my real estate investing career in the midst of one of the hottest real estate markets in history, and so I did not begin to implement this idea till very recently. The key is to know values in an area, enlist the help of your agent to scour the listings using "filtered searches" to look for signs of owner motivation with long Days on market, price reductions with phrases like, "Motivated seller", "needs repairs", "fixer-upper" etc.

Birddogs

Birddogs are property locators. These are people who can refer you a property for a referral fee. The best way to find and connect with many such people is to find a real estate investors group, club or network in your area.

Classified Ads

The secret to this type of advertising is consistency. Do not go into the newspapers or magazines if you haven't planned or budgeted to be there for at least 6 months to a year. They are also relatively expensive.

Fliers/Door hangers/Leave behinds

Everyone from pizza shops, to Chinese food restaurants and home alarm salespeople use these tools to generate hundreds of millions of dollars in sales annually. They are relatively low cost, and they only require effort. One very powerful technique is to use custom-made post-it notes as a leave behind when you are working off a list (like a pre-foreclosure list)

Bulky Mail/Postcards/Lists

Some of the most successful people in real estate got there by taking advantage of the massive sales force that is the postal service. Unsophisticated investors and marketers swear that direct mail doesn't work. However, I have used postcards to generate 3 deals from one campaign. That campaign resulted in a 1500% return.

As you might already suspect all these things take time and effort to implement. I have taken the effort to create a list of resources to help implement the 3 keys for you.

Managing Your Time

Time management is another hidden determinant of success or failure. If you intend to succeed, you will have to coordinate:

- a. Calendar
- b. Schedule
- c. To Do List
- d. Deadlines

Every week, budget the time you have and plan in advance for accomplishing your effort statement. Set aside time to build your real estate knowledge and attend every real estate investment meeting or club that you possibly can.

Conclusion

Marketing is your business. It is all your business. There is nothing else that will determine your success or failure more than consistent marketing or lack of it. The end result of your goal setting and market planning should be an effort statement to which you can measure your activity every single week.

Compile Information on Seller and Property Situation

- Fill out the Seller Call Sheet. Get as much information as possible on the initial phone call. The quality of your information affects your ability to make a decision.
- Make an appointment for a property inspection (Visual or Otherwise)

Establish Full Market Value (FMV) or After-Repair Value

- Comps (comparable sales) are similar properties in the same neighborhood that have recently sold or been offered for sale. The Multiple Listing System is #1 source for gather comps. The tax database is a decent secondary source.
- Obtain repair estimates during your property inspection. There are few ways to accomplish this. You can try to have a contractor meet you at the property or you can ask your mentor/partner!

Research Title, liens and seller's legal entanglements

- A house can not only be physically distressed, but there can trouble with title history (chain of ownership) of the property. You want to make sure that there are no additional liens with the exception of a mortgage(s). You will want to know well ahead of time if there are items like past due taxes or liens against the property so that you can take that into consideration when making your offer.
- A title search can be performed by yourself, an abstractor, or your title company. Full title search by your title company is going to be required before the deal can close, so you may want to start there. Title searching isn't exciting and you must pay attention to details. Leave it to the professionals if it doesn't sound like your cup of tea.

Seller Info Sheet

People

- 1) Owner's Name: _____
- 2) Home phone: _____
- 3) Work phone: _____
- 4) Fax: _____
- 5) Address: _____
- 6) Spouse's name: _____
- 7) E-mail: _____
- 8) Who helps you make decisions? _____

Motivation

- 9) Days on the market? _____
- 10) How did you find us? _____
- 11) Why are you selling? _____
- 12) Have you listed with a realtor? _____
- 13) What will you do if you don't sell? _____

- 14) Any written offers? Y N
- 15) Vacant or Occupied (circle one)
- 16) Any tenant problems? Y N
- 17) Payments current? Y N
- 18) Situation: When _____ Divorce Downsize
Bankruptcy Foreclosure (circle one)
- 19) When moving/where? _____

- 20) Need money for? _____

Property

- 21) Property address: _____
- 22) Style: _____
- 23) Square footage: _____
- 24) Garage: _____
- 25) Levels: _____
- 26) Age of home: _____
- 27) Neighborhood rating (1-2-3-4-5-6-7-8-9-10
highest)
- 28) Brick/wood/vinyl: _____
- 29) # of bedrooms: _____
- 30) # of baths: _____
- 31) Kitchen: Good Fair Poor (circle one)
- 32) Electric: Good Fair Poor (circle one)
- 33) Foundation: Good Fair Poor (circle one)
- 34) Roof: Good Fair Poor (circle one)
- 35) Age of roof: _____
- 36) Carpet needed? Y N
- 37) Painting needed? Y N
- 38) A/C and Heat: Good Fair Poor (circle one)
- 39) Windows: Good Fair Poor (circle one)
- 40) Doors: Good Fair Poor (circle one)
- 41) Plumbing: Good Fair Poor (circle one)
- 42) Extras (pool, big yard, deck, etc). _____

- 43) Any improvements needed? _____

- 44) Major problems? _____

Finance

- 45) Appraisal price: _____
- 46) Explain appraisal price: _____
- 47) Asking price: _____
- 48) Explain asking price: _____

- 49) Comps #1: _____
- 50) Comps #2: _____
- 51) Tax Value: _____
- 52) Rate %: _____
- 53) 1st mortgage balance: \$ _____
- 54) Lender for 1st mortgage: _____
- 55) Loan: Fixed Variable (circle one)
- 56) Do you have LOAN papers? Y N
- 57) 2nd mortgage balance: \$ _____
- 58) Lender for 2nd mortgage: _____
- 59) Loan: Fixed Variable (circle one)
- 60) Do you have LOAN papers? Y N
- 61) Lien/Debt: \$ _____
- 62) Do you have LEIN papers? Y N
- 63) Arrears: \$ _____
- 64) Foreclosure date: _____

Income/Expenses/Month

- 65) Fair market rent: \$ _____
- 66) Other income: \$ _____
- 67) HOA: \$ _____
- 68) Payment (P&I): \$ _____
- 69) Taxes (T): \$ _____
- 70) Insurance (I): \$ _____
- 71) PITI: \$ _____
- 72) Gas/month: \$ _____
- 73) Electric/month: \$ _____
- 74) Water/month: \$ _____

Buying Formulas

- 75) Lease Purchase:
Listing price x (87%-90%) = _____ Offer
- 76) Seller is: Motivated Flexible Not in a rush
Wants to think it over (circle one)
- 77) All Cash: Offer = (66% ARV-Repairs) = \$
_____ Max. offer
- 78) Other solutions: Pure Option Co-op
Agreement Consultant agreement
Wholesaling Partners

Original Purchase

- 79) Amount: \$ _____
- 80) Date: _____
- 81) Closing: \$ _____

Notes: _____

Know your MAO

- **Maximum Allowable Offer** = (Fair Market Value x 70%) - Repairs
- This makes sure that you don't overpay for the property. There usually is no payday waiting at the end of the rainbow when you overpay for a property.

Example: A seller's house is worth \$100,000 and needs \$20,000 in fix-up costs.

$$\begin{array}{rclclcl} \text{Fair Market Value} & \times & 70\% & - & \text{Repairs} & = & \text{Maximum Allowable Offer} \\ \$100,000 & \times & 70\% & - & \$20,000 & = & \$56,000 \end{array}$$

Know what you would like to make on the deal

- Don't forget to factor in your desired profit if you are Wholesaling!!

Example: You would like to wholesale this property to another investor and you would like to make \$10,000.

$$\begin{array}{rclclclcl} \text{F.M.V} & \times & 70\% & - & \text{Repairs} & - & \text{Desired Profit} & = & \text{Max. Allowable Offer} \\ \$100,000 & \times & 70\% & - & \$20,000 & - & \$10,000 & = & \$46,000 \end{array}$$

Make your initial offer below your final offer

- It can net you more than expected if your initial offer is accepted.
- It increases the perception of win-win deal. The customer feels like they are getting you to give us something. It is human nature to want to negotiate.

Justify your offer

- Show sales comps, or repairs estimates.

Congratulations! The seller has accepted your offer. But this business isn't done on handshakes. The must cross the T's and dot the I's. You will utilize a few contracts to ensure you have a legal agreement. This is how we are able to control the property without owning it.

Sales Contract

A legally binding agreement between seller and buyer. It spells out specifics about the deal such as price, terms, and when the transaction will take place.

Option to Purchase

Another legally binding agreement between seller and buyer. The really ensures that the seller can't sell to another buyer.....even if they offer more money.

Permission to Market

Allows you to market the property to your buyers.

Power of Attorney

This gives you ability to sign the deed on the seller's behalf. The seller doesn't even need to worry about attending closing.

Being able to explain the meaning of contracts in layman's terms is important. If you can't explain to the seller what they are signing, they might not feel comfortable about signing it.

Now that you have it under contract you have to find a buyer. It's not as hard as it sounds. You will have buyers banging down your doors if you have used MAO to purchase the property at the price. Remember this: A good deal is the best advertising around.

Multiple Listing System

About 95% of qualified buyers are represented by a Realtor. Realtors use the MLS to find properties. Make sure your property is there when they go looking for deals for their investor clients.

Newspaper Ad

The Washington Post or Baltimore Sun are great places to find buyers.

Your local real estate investment club's monthly meeting

A room full of investors with cash or credit to buy houses. You are in the right place!

Your local real estate investment club's message board/chat room

Most REI clubs have more members that regularly check the message boards than attend the meetings.

Your Website/Buyers List

A website isn't just something to have because they are cool. They should automate the marketing and lead generation process for you. Your website should have a place where someone can sign up for the buyer's list and a gallery of your available deals.

The Internet

Picks a place...any place! Free advertising can be priceless and the ability to add pictures or links to your website makes it even more powerful.

Qualify your Buyer and Sign Reassignment Contract

Finding any buyer isn't good enough. You have to have a qualified buyer. Ask for a minimum of a \$1,500 deposit from your buyer's and get proofing of funding. There is no big payday if they can't close on the deal

Manage Expectations

Make sure everyone knows what is going on and what is needed from them. Let all parties involved know if you find out 3 weeks prior to closing, that closing may be delayed. Don't wait until the day before or even the week before.

Stay in touch with Seller, Buyer, and Title Company

If something isn't going right, you want to know about it before it becomes a problem. If the sellers are having second thoughts, you want to be able to address their issues before they become deal killers. Staying in touch with the title company is a necessity. Call weekly for updates and confirm the closing date 48 hours and 24 hours prior.

Go to Closing

Get a copy of the HUD-1 settlement statement 24 hours prior to closing. The statement shows how much you will get, the seller will get, and exactly what the buyer will pay. Title companies are not perfect and sometimes they get it wrong. It's better to be aware of errors the day before. An error could cost you thousands or dollars.

Following Through/Following Up

You've made it through closing and the home seller is happy that you have helped them with their situation and the investor is happy that you have provided them with a profitable rehab or a cash flow producing rental. Of course you are happy that your bank account has grown by many of thousands of dollars within a short amount of time. You have created a win-win-win situation.

What's next? Time to pack the bags and take a vacation, or maybe you will work on closing the next wholesale deal? Hold fast! You are not quite done with this deal yet. What's left you ask? What do a whole sell deal, a great golf swing, and an accurate jump shot have in common? Following through.....all the pros live by it!

This often overlooked step could lead to an additional 3 to 4 deals a year. What is that worth to you? As mentioned before, Word of Mouth is THE most powerful and persuasive form of marketing. Now is the time to convert your client into a cheerleader.

- 1) Request a written, audio, and/or video testimonial for the seller.....and you can even request a testimonial from the investor that bought the wholesale deal. Testimonial marketing is a proven strategy that is overlooked. Reward your client with an incentive for writing a wonderful testimonial such as a \$50 gift card or \$50 gas card.
- 2) Ask the seller if they have any friends, family, or co-workers that could utilize your services. Let the home owner know that you will reward them with \$1,500 (or more) anytime they refer you someone that needs your help. Offer an all expenses paid weekend getaway if they refer you to 2 or more deals. We have used this easy and painless strategy to pick-up an additional 3 or 4 deals a year.
- 3) Stay in touch with your sellers and buyers. Know your seller's birthday and send a card. Call to say hello every couple of months. Send cards around the holidays and hand written notes are always a great touch. Remember, it's not about the houses, it about the people.

Where can Wholesaling Real Estate take you?



Here is my Jaguar that I'm giving away, parked in front of my 100 year old mansion. I'm just kidding about it being my mansion, but it is my Jaguar and I am giving it away.

Where can Wholesaling Real Estate take you?

| | | | | | |
|---|--|--|--|--|--|
|  | | MERCANTILE BANK & TRUST BALTIMORE, MARYLAND | | 7-61 520 | |
| | | DATE <u>09-29-2006</u> | | No. <u>401038</u> | |
| PAY TO THE ORDER OF | | *****REALSTAR PROPERTIES***** | | \$ <u>**52,661.50**</u> | |
| | | MSDT @ 52,661dols 50cts | | DOLLARS | |
| <small>NOTICE TO CUSTOMER The purchase of an indemnity bond may be required at the Bank's discretion before this check will be replaced or refunded in the event it is lost, misplaced or stolen.</small> | | | | | |
| TREASURER'S CHECK | |  | | TWO SIGNATURES REQUIRED IF \$10,000 OR GREATER | |
| FOR: _____ | |  | | AUTHORIZED SIGNATURE | |
| ⑈401038⑈ | | ⑆052000618⑆ | | 1 9⑈ | |

This is a photocopy of a real check that we had the pleasure of cashing in 2006. This was our reward for completing a wholesale deal in Waldorf, MD. We had about a total of 6 hours in this particular wholesale deal.

Where can Wholesaling Real Estate take you?

ORIGINAL DOCUMENT PRINTED ON CHEMICAL RESISTANT PAPER WITH MICROPRINTED BORDER

STONEGATE TITLE COMPANY
ESCROW ACCOUNT - MAHT
1919 YORK ROAD
TIMONIUM, MD 21093

SUNTRUST
65-270/550
FILE #: 070369

155093
NUMBER
155093

THIRTY-EIGHT THOUSAND THREE HUNDRED AND 00/100 DOLLARS ***

DATE
07/31/07

AMOUNT
*****\$38,300.00*

PAY TO THE ORDER OF
Vernon Vaughan

[Signature]
AUTHORIZED SIGNATURE

THIS DOCUMENT CONTAINS HEAT SENSITIVE INK. TOUCH OR PRESS HERE - RED INK DISAPPEARS WITH HEAT.

155093

WARNING: SECURITY SCREEN ON FRONT AND BACK. MICROPRINTING FRONT AND BACK. MAGNIFY TO VERIFY ORIGINAL DOCUMENT.

WALL STREET TITLE CORPORATION
MARYLAND SETTLEMENT ACCOUNT
611 ROCKVILLE PIKE, SUITE 201
ROCKVILLE, MD 20850
PH. 301-315-0808 • FAX 301-315-0844

SANDY SPRING BANK
ROCKVILLE, MD
65-109/550

11757

FILE #: M07-0406

11757

SEVEN THOUSAND THIRTY AND 00/100 DOLLARS ***

DATE
08/03/07

AMOUNT
*****\$7,030.00*

PAY TO THE ORDER OF:
Realstar
12138 Central Avenue #391
Michelleville, MD20721

VOID AFTER 90 DAYS

[Signature]

11757

PROT-1401

ALL-PRO TITLE & ESCROW, LLC
MAHT ACCOUNT
1029 N. CALVERT ST. SUITE 200
BALTIMORE, MD 21202

MERCANTILE SAFE-DEPOSIT & TRUST CO.
POST OFFICE BOX 324
BALTIMORE, MD 21203-0324
7-61/520

22803
22803

07/25/07

DATE

AMOUNT
\$8,500.00

The Sum EIGHT THOUSAND FIVE HUNDRED DOLLARS and 00/100

PAY TO THE ORDER OF:
Vernon Vaughan

VOID AFTER 180 DAYS

[Signature]

22803

Here are three awesome wholesale deals that I closed within a couple of days of each other. The profits total up to an amazing sum of \$53,830! What a month!

The RealPartner Program

Everyone talks about investing.....a lot! They have big meetings, small meetings, conference calls, chat rooms, and newsletters. When the talking is done, then there are books to read.....hundreds of them! While it is important to talk and read about Real Estate Investing, it is important to take action sooner or later (sooner rather than later).

We want to be different. We want to talk about investing and actually use what we have talked about and invest in real estate. We want you to use our experience to your advantage. We are looking for strategic marketing and cash and credit partners to find deals to wholesale, rehab, and keep as rentals.

We have created the RealPartner program as the quickest (and safest) way for a new investor to go from no deals to completed deals.

Option #1:

This option is great if you are running short on cash and credit, but have plenty of desire. We'll give you advice and insight on marketing and lead generation. We'll analyze, negotiate, and fund the deals when they come in. Not only will you get at least 25% of the deal, you will get a first hand learning experience about putting together wholesale deals, doing rehabs, or acquiring rentals. As if that wasn't good enough, when you bring us a deal, you are automatically in the running to win our Jaguar XK8 Convertible in the "From Jags to Riches" (www.FromJagsToRiches.com) contest.

Option #2:

This is the option for you if you have decent credit or have some cash saved up. Let us find, analyze, and negotiate the deals. You provide cash or credit to help with acquisition. You get to learn first hand about rehabbing or what makes a good rental property, and you also receive at least half of the profit of the deal.

Call us at 1-877-BUY-IT-FAST for more details about our coaching and partnership programs.



Realstar Properties
12138 Central Ave #391
Mitchellville, MD 20721

Office: 1-877-BUY-IT-FAST
Fax: 301-576-3541
Email: realstaronline@hotmail.com