

How to Become a Wholesale Real Estate Master

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Chapter 1

Real Estate Can Change Your Life

It is the summer of 2006 and one newbie investor of 26 years old is just getting started in real estate. He had taken a few seminars and read many books on real estate investing but has no real money to his name.

Now, he had just been laid off from his job-a minimum wage laborer at a meat packing plant-and doesn't even own a car. His six year old daughter is also visiting from Chicago this summer-they're both staying at his mom's house. This guy had no good reason to expect to be successful, other than the burning desire to succeed.

He has been working on becoming a real estate investor for about 6 months. He borrowed the money to pay for the seminars and is down to his last \$150 in the bank. He purchases a 7 day classified ad in a local weekly paper for \$79-you have probably have seen this type of ad that says, "We Buy Houses and Close Quickly-Call 555-1212".

On the sixth day he receives a call from a Seller who has a house in the absolute roughest section of town-Sun Village is the name. The seller is an older woman who is moving in with her daughter and son in law and her house needs a total renovation.

The daughter is embarrassed by the condition which her mom is living. Mom, recently widowed, never wanted to burden her daughter by showing her the living situation.

Mom and Dad always come to their daughter's house for visits, never the other way around. Mom and Dad, before

he passed, have lived here for 30 years; it was a much nicer place to live back then, but neighborhoods change.

Our newbie investor schedules an appointment and asks his dad for a ride. With his 6 year old in tow he goes to view the house in this shady section of town. The seller's whole family is present at the showing as they move Mom out and clean out the house. If this house sits vacant too long, vandals in the neighborhood will surely destroy what is left of this house.

The next day the newbie investor goes back to the house and presents an offer to buy for \$5,500. He half expects them to scream when they hear such a low offer.

When the seller accepted the offer, he is surprised and realizes he has never even prepared an agreement of sale.

While his 6 year old daughter is playing with the Seller's granddaughter, he figures it out fast, filling in the blanks on a generic agreement purchased from Office Depot on the way to present the offer. After a few nervous minutes he **SIGNS UP HIS FIRST DEAL.**

He really doesn't know what to do after this, so he tries raising private money. He asks friends and family for a personal loan to buy the house. He thinks he might buy & renovate the house himself, but all of his potential lenders shut him down.

He tries calling some of his new investor contacts, but they tell him no one EVER buys ANY houses in Sun Village-that neighborhood is just too rough!

Each morning he places Craigslist ads for the house at a price of \$11,500. A few phone calls, one showing, and a few weeks later our newbie investor closes his first DEAL collects a profit of \$6,000!!

That Was My First DEAL

I was the newbie investor finding his way through the FIRST DEAL. I started with NO MONEY, and not even a car.

That \$6,000 assignment fee changed my life forever.

Although that \$6,000 was greatly needed at the time, the more important thing I received that day was the **proof that the real estate investing business works**. That same proof shows that you can get started without having the cash to buy the houses.

You Can Do It Too!!

If I can do it starting out the way I did, then you can do it too. That first DEAL taught me that I can become a successful in real estate investing by becoming a **SOURCE OF DEALS**.

What is a Wholesale Real Estate Master?

A Wholesale Real Estate Master is someone who masters the business of wholesaling.

A Wholesale Real Estate Master completes at least one DEAL per month. Some months you will close 4-5 DEALS.

To become a Wholesale Real Estate Master you will need to build a wholesaling business.

To Becoming a Wholesale Real Estate Master, you just need to master the basics:

1. Marketing for Motivated Sellers
2. Buying REAL DEALS-Negotiating with Sellers

3. Selling those DEALS-Negotiating with Buyers

This book is gives you the steps you can take to become a wholesaler. I wrote this book as a guide for you to get started in the real estate investment business the way I did; starting with no money.

The foundation to my success is and has been Wholesaling Real Estate

If you are just getting started in real estate investing, there is a good chance that you don't have access to the cash to buy your own DEALS-yet.

There is also a good chance that you don't know enough about the process of finding, negotiating, and closing DEALS to convince someone that DOES have that cash to invest it with you.

You probably haven't yet met all the right people you will need to get your first DEAL to settlement.

What is the DEAL?

Are you wondering why I keep writing the word DEAL in all capital letters?

The reason is that as a new investor, you must learn the difference between a REAL DEAL and every other "house for sale."

A DEAL is a signed contract on a house at enough of a discount from the retail value to include the cost of renovations, closing & carrying costs, and a nice profit.

In other words, a DEAL is a property you can buy at a LOW PRICE. You can immediately sell a DEAL to another investor for a profit without ever having to come up with the cash to buy that DEAL yourself.

Here is an example: I am selling a house which would sell for \$100,000 after you complete \$10,000 in repairs. Is this house "for sale" a DEAL at a purchase price of \$70,000?

If this were presented to me I'd say, "NO!!" When the deal is not a DEAL you must move on to the next one.

If you think this is a DEAL, you can be forgiven because you are new to the biz.

If you believe you should make an offer at a lower price on this house, you are beginning to develop the real estate investor's mindset.

Why Should You Become a Wholesale Real Estate Master?

When you master the basic skills of wholesaling real estate DEALS, your life is going to change.

As you wholesale your first DEAL, and several more after that one, you will learn how to spot the REAL DEALS and you will figure out which ones are DUDS.

As you continue wholesaling DEALS to other investors you will gain experience in the business. You will figure out through experience how the title process works.

You will learn what how to quickly analyze and present your offers and how to value the houses located in your target market.

We will go into depth on analyzing potential DEALS and valuing real estate throughout the rest of this book.

By becoming a Wholesale Real Estate Master, you'll be the one negotiating the BEST DEALS in your market. You'll be the SOURCE OF DEALS.

By mastering the ability to buy houses directly from Sellers now, you are laying the foundation for a lifetime of great DEAL making as you go from wholesaling DEALS to other investors to buying the DEALS yourself.

Wholesaling successfully requires that you become a source of DEALS. Success comes after you develop a continuous source of LEADS.

I developed my source of Leads by trial and error marketing-testing out many methods including direct mail, newspaper & TV ads, internet ads, & networking. I still operate many of those marketing strategies today to keep my phone ringing with people who want me to buy their house.

Wholesaling is Your Path into Real Estate Investing

Wholesaling also provides you with a path to build up your contacts in the industry. When you become known as a SOURCE OF DEALS, other people in your market will take notice.

So Before I even closed that first deal I'm calling newspaper ads trying to find a DEAL. I call on one ad for a house "for sale" and this guy, Craig that answers the phone asks, "What do you want to do with this house-what are your plans for it?"

Not even knowing my plan I answer, "I want to buy an investment property." (Remember, I have no cash & no credit to actually buy the DEAL. Successful investors speak on faith, knowing that when they find that REAL DEAL, they will attract the funding.)

Craig replies, "Well, this house won't really work for that, the borough has a law that says any rental property must have fire sprinkler systems installed in order to

receive a rental license. They do this to try and stop section 8 landlords from operating rental houses there. By the time you install the sprinkler you will be \$8,000. There are better deals out there that work better. But why don't you come out and meet me at the networking meeting."

We talk for a few more minutes and he gives me the details of when and where that meeting takes place.

I meet Craig at the meeting and he introduces me to the real players in my market as if he had known me for years. From that point on I ended up wholesaling many DEALS to buyers I met that night.

Craig completed a few DEALS with me and even funded my first retail fix & flip!! To this day, Craig and I run a retail fix & flip investment group buying & renovating houses in the Philadelphia region.

The reason I have had such success within the real estate business is because I became the SOURCE OF DEALS.

People began to see me as a player in our market because I found and negotiated better DEALS than anyone else could find.

DEALS are in short supply, so when you become a SOURCE OF DEALS you become a KEY PLAYER.

You Can Become a Real Estate Investor

My mission is to help you become successful in real estate; no matter you are starting from today. If I did it, you can do it too. Remember, I was on the bus when I got started and didn't have the step by step plan which you are now reading.

Please understand that this is not a get rich quick book. This book is the formula which took me from being a laid off minimum wage employee to becoming a successful full

time real estate investor. This is how I actually built the skills & contacts to become an investor.

Transforming yourself into a successful real estate investor takes time and commitment. I will NOT sugar coat the facts in this book you are reading. I am telling you the truth. The truth is that in order to have different results in your life, you must start with different actions.

Life is cause and effect. Cause is the action you take in your life. Maybe your current cause is going to work every day so that your current effect is receiving a paycheck.

The things you have been doing up to this point has caused a certain effect-your current living situation.

This is good, because once you realize that life is cause and effect, you can change your cause and receive a different effect. This means you can change your way of thinking-and your actions to create an even better life for yourself than you are now living.

The truth about wholesaling houses is that it DOES require a certain skill set in order to be a master. As you learn and master the skills necessary for wholesaling houses, you will prepare yourself for a successful career as a real estate investor and earn a GREAT income as you go.

The most successful Wholesalers earn over \$100,000 per year and this number will increase as you go from wholesaling to being a real estate investor, to being a BUYER.

This book gives you a viable plan for breaking into the real estate investment business. You are receiving the step by step plan here so that you can go out and build a wholesaling business.

Your goal in reading this book is to earn money in real estate by becoming a Wholesale Master-by becoming a SOURCE OF DEALS.

Master the skills of wholesaling real estate and you are laying the foundation for your future success as a real estate investor.

There is More Money than DEALS

During the seminars, the instructor teaches us that there is more money than DEALS. Because I didn't have any money I found this hard to believe. I thought that saving the money to go buy houses was the hard part. There had to be cheap houses I could fix up everywhere.

The instructor (who had the cash to actually buy DEALS) taught us that that thinking was incorrect. The truth is there is a large amount of money chasing a limited number of DEALS.

What this means is that there are a large number of real estate investors in every market chasing after the DEALS. There are an unlimited number of houses "For Sale", but investors need to buy DEALS at much lower prices than most Sellers are willing to accept.

Because I didn't have the cash to buy, I decided right then and there to be the guy who finds DEALS. I decided that I would become the SOURCE OF DEALS.

You can make that same decision now, and commit to becoming a Wholesale Real Estate Master. I believe that when you make that decision and follow through with action, you will create the same results in your life that I have in mine.

Now, all these years after that first DEAL, it seems that I'm the one always chasing after that next DEAL. The

instructor was absolutely right; **there is more money than DEALS.**

Don't quite believe that yet? Go get a REAL DEAL and watch how fast another investor WRITES YOU A CHECK WITH A COMMA TO ASSIGN THEM THE DEAL.

What is Real Estate Wholesaling?

Chapter 2

What is Real Estate Wholesaling?

Real Estate Wholesaling is the business of finding, negotiating, & selling DEALS to other investors.

A Real Estate Wholesaler is a SOURCE OF REAL DEALS for other investors who have the cash to close on those DEALS.

As a (Real Estate) Wholesaler, you are the matchmaker-putting together the Seller of a distressed property with a Cash Buyer who will pay you a fee for being the **SOURCE OF THE DEAL**.

As a wholesaler, you charge an assignment fee for finding the property. Assignment fees typically range from \$2,000-\$10,000 or more. I have personally completed \$40,000 assignments, but the average is \$3,000-\$5,000 per DEAL.

A "Wholesale DEAL" usually goes like this:

1. **You Contract the DEAL** -You negotiate the DEAL with a seller and put the property under contract-which means you sign an agreement of sale with the seller with your name (or company) as the buyer.

Your name appears on the contract like this:

"[Your name], and/or assigns" as Buyer-giving you the right to **"assign"** your rights in the agreement to another **"Buyer."**

2. **You Assign the DEAL**-When you find the End Buyer (usually a Cash Buyer) willing to pay you the contract

price plus your assignment fee, then You and the End Buyer complete an **"Assignment of Contract."**

The **"Assignment of Contract"** is a second document you complete with the End Buyer which **"assigns"** all the rights in your original DEAL & agreement with the Seller over to your End Buyer.

Those rights include all terms of your contract and the negotiated price.

That End Buyer is paying you the assignment fee because you negotiated and contracted a REAL DEAL.

You become the source of that DEAL and receive your fee according to the value you create in the DEAL for your End Buyer.

- 3. DEAL goes to Closing**—The Seller and End Buyer go to settlement directly and you receive your fee at closing.

Here's an example:

For Example:
You Find a DEAL for \$10,000
Sell to a Cash Buyer for \$15,000
Your Profit is \$5,000

One thing to remember: You must find REAL DEALS. Figure out what is a REAL DEAL before trying to go sell it to an investor.

Wholesaling is NOT just finding any house for sale and tacking on \$5,000 for you. YOU GOTTA FIND REAL DEALS!!

The Business of Real Estate Wholesaling

Real Estate Wholesaling is a Business. The 3 main components of Real Estate Wholesaling are:

- 1. Marketing for Deals-** MARKETING FOR DEALS is the pipeline through which your source of DEALS will flow.

Although a DEAL will occasionally "fall into your lap", most of your DEALS will come through consistent marketing.

Once you master marketing for DEALS, you will have Sellers calling and begging **YOU** to buy **THEIR** house.

This is much better than when you cold-call a Seller-as you might if you are calling on FSBO's (For Sale By Owner) or Craigslist leads.

When you make the first contact to the Seller, they are usually caught off guard and seem almost offended that you would bother them.

But when the Seller makes first contact with you, **THEY** have made the decision on their own terms to begin a conversation with you, the investor. They are much easier to deal with when **THEY** call **YOU**.

Remember, when it comes to dealing with Sellers:

IT IS ALWAYS BETTER WHEN THEY CALL YOU

Many new investors will try searching for their first DEALS on Craigslist. I have completed a few DEALS this way, but most of the houses "For Sale" on Craigslist are listed there by other Wholesalers.

Although you might occasionally sell someone else's wholesale deal and split the assignment fee with them, this is generally more difficult as you have no control over the deal.

Two things often end up happening. Either the original wholesaler is marketing their DEAL to the same potential buyers that you are, or by the time you find them a buyer the original wholesaler already sold their own DEAL.

Your success will come by developing your own marketing systems to have motivated sellers calling and asking you to buy their house. The way to become a successful wholesaler is by learning how to do DEALS directly with homeowners.

2. Negotiating & Contracting DEALS- In order to reach an agreement and sign up a DEAL, you will need to become a great negotiator.

Your success as a Wholesaler is in direct proportion to your ability to negotiate.

First you negotiate with the Seller on the front side of the DEAL, as a buyer; then you negotiate again, as a seller, with the End Buyer who pays your assignment fee.

BEWARE-RE Investors are GREAT NEGOTIATORS.

You will never be successful as an investor without building your negotiation skills.

A book on negotiation is "Trump Style Negotiation" by George Ross. You should read it.

George Ross was Donald Trump's lawyer and negotiator on many large DEALS, but his powerful way of thinking and experience will help you to develop that same successful mindset as you read his book. Defin

**"Life does NOT give you what you deserve;
LIFE GIVES YOU WHAT YOU NEGOTIATE."**

-George Ross, Trump Style Negotiation.

- 3. Selling & Closing DEALS**-Once you successfully find, negotiate, & contract a DEAL, how do you find another investor to step in and close the DEAL?

Selling DEALS is just as important to your success as marketing for DEALS & negotiating DEALS.

First, the numbers of your DEAL have to be at enough of a discount to interest another Investor to purchase the DEAL.

Second, that other Investor has to find out about your DEAL. You will develop relationships with the other investors in your market and just like Sellers, investors do business with people they like.

Selling DEALS is presenting them with enough imagination to give the End Buyer your vision for the property. If you don't know the construction costs involved in the DEAL you are presenting, DON'T GUESS- Nothing is more unprofessional than a Wholesaler who

says a house needs \$5,000-\$8,000 in work when it really needs \$25,000.

If you don't have the cash to close the DEAL and you don't find an End Buyer to step in who HAS THE CASH, then you REALLY HAVE NO DEAL.

Closing DEALS is getting that End Buyer WITH THE CASH to settlement.

Three People Participate in Every Wholesale DEAL

Participants of a Wholesale Deal

Seller Owner	+	You Original Buyer	+	Cash Buyer (Investor)
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The first participant is an Owner willing to sell their property at a price below market value. They are usually selling to solve some financial problem or because the property is in poor condition.

Second, the wholesaler is the original buyer who finds the deal and negotiates with the Owner (Seller).

The last participant to show up is the Cash Buyer. There is NO payday unless a REAL CASH BUYER believes the house is a REAL DEAL.

In other words, the cash buyer must be willing to pay the original contract price PLUS the wholesale fee.

What is a REAL DEAL?

A REAL DEAL is a house that is purchased **SUBSTANTIALLY Below Market Value**.

There is a BIG DIFFERENCE between a "house for sale" and a REAL DEAL.

All the Cash Buyers are looking for a REAL DEAL-not a DUD.

Many would be wholesalers with little experience often "shop" "houses for sale" to investors in their market hoping to collect an "assignment fee" on houses that are NOT DEALS. This destroys the credibility of those new wholesalers and the Cash Buyers will stop returning their calls.

You probably noticed that we keep coming back to REAL DEALS. I'm repeating this so that it will sink into your mind. This is one of the biggest challenges for any new investor-to develop the investor's mindset.

There are really two ways of thinking when it comes to real estate, the investor way of thinking and everybody else's way of thinking.

Before you learn to analyze DEALS and work numbers the way investors do, you probably think about real estate the way everybody else does. That is how I used to think about real estate.

The problem is that everybody else thinks about real estate in retail terms.

Investors think about real estate in wholesale terms. They are the ones ACTUALLY buying the houses. The Cash Buyers are the ones ACTUALLY taking the risks of buying the deal.

The risks include surprise repair items, theft, and neighborhood values dropping while they own the property. There are many more risks that the Cash Buyers take in owning property, but we are going to keep it simple for now.

The most successful wholesalers, the Wholesale Real Estate Masters, think like investors. As a wholesaler with the Investor's Mindset, you look at DEALS the same way that the Cash Investor Buyers look at DEALS. In other words, you think like an Cash Investor Buyer.

Once you develop the Investor's Mindset you will understand how to look at DEALS and quickly decide whether you are looking at a REAL DEAL or a DUD.

Developing the Investor's Mindset

The investor's mindset is the way an Investor thinks. The way you think is the way you act, and your actions produce results.

To become a Wholesale Real Estate Master you need to think the way real estate investors think.

The Investor's Mindset

Real investors ACTUALLY BUY HOUSES. To be a successful investor you need to develop that mindset from the very beginning-THAT YOU WILL ACTUALLY BUY HOUSES.

**As a Wholesale Real Estate Master Your
Goal is "To CLOSE as many PROFITABLE
DEALS as quickly as possible"**

To approach a DEAL with the Investor Mindset is to analyze the numbers the way that you will when you ARE ACTUALLY BUYING THE HOUSES.

You need to learn what repair items cost. You are paying attention to items in the house or in the deal that are a RISK to the End Buyer.

By putting yourself in the shoes of the ACTUAL BUYER when negotiating with a Seller, you are negotiating from a position of strength.

Your end goal as a new wholesaler is TO BECOME AN ACTUAL INVESTOR THAT BUYS HOUSES. Your goal is to start by wholesaling houses and then graduate to flipping, holding rental property, or a combination of both.

Wholesaling is the "Investor Apprenticeship Program."

You are now learning how to buy, sell, & close REAL DEALS while making money.

You are making money quickly while risking almost NONE OF YOUR OWN MONEY.

(The truth is that you need some money to get started. You will have marketing expenses and escrow deposits at risk. But you can become a wholesaler with less than a few hundred dollars).

Where are ALL the DEALS?

Chapter 3

Where are ALL the DEALS?

Where are all the DEALS? First you must understand that there are two real estate markets when it comes to residential real estate (houses). There is the Retail Market & the Cash Investor Market.

Retail Market

You, like most people in America, probably know mostly about the retail market.

The retail market is the market they talk about on the news. When your neighbor is talking about home prices, she is referring to the retail market.

Most retail buyers pay for their house with a combination of mortgage money and a down payment.

Very few retail buyers pay cash for their homes for the simple fact that most people simply do NOT have that much money.

There are some government insured mortgage programs, such as FHA, which allow a home buyer to purchase their home with as little as 3.5% down.

This means a \$100,000 home purchase can be made with as little as \$3,500 down!! That buyer would then pay the other \$96,500 off over the next 20-30 years depending on the size of their payment.

The low down payment mortgage is only available for owner occupied houses.

Unlike investment houses, it is much easier to obtain a mortgage to buy a house that is owner occupied.

The U.S. government supports home ownership through the mortgage programs like FNMA (Federal National Mortgage Association "fannie mae") and FHA (Federal Housing Authority).

Houses in the Retail market are:

- **Nice, Well Maintained Houses** Retail houses are houses that have been renovated or well maintained by the owners over the years.

Retail houses are ready to show.

When selling a retail house, you first clean, paint, & stage your home to put "its best foot forward."

- **Sold by Real Estate Agents** With VERY FEW EXCEPTIONS, houses sold at Retail Value are sold by Real Estate Agents.

Buyers willing to pay a Retail Value for a house are almost always represented by Agents.

Most Retail Buyers do NOT feel comfortable buying a home without a real estate agent.

Most real estate agents specialize in selling houses on the Retail Market.

- **Paid for With Mortgage Financing** Retail Buyers pay the Retail Price with the help of financing from a bank.

They usually put down a small percentage of the Retail Price in a cash down payment. (3%-20% of the Price)

Very rarely does a Retail Buyer pay all cash for their home.

- **Purchased at Full Retail Value** Retail Buyers pay Retail Prices.
- **Longer Marketing Time** Retail Sales take longer than Cash Investor deals. A Retail Seller may wait 6-9 months for the sale to go to settlement. A Cash Investor sale is usually closed within 30-45 days or less.

Cash Investor Market

The Investor Market is made up of buy & hold landlords and retail fix & flip investors who buy houses for investment purposes.

Investors buy houses at wholesale prices. While the retail buyers purchase a house once every 10 years, investors might buy 10 houses per year (or even Per Month!!)

Remember: Cash Investors are NOT Retail Buyers!!

Houses in the Cash Investor Market are:

- **In Rough Condition** Houses sold on the Cash Investor market usually need extensive renovation to be "Retail Ready."

Cash Investor houses are NOT presentable and Retail Buyers will NOT buy them.

Just ask yourself, "Would I commit to 30 years of payments for THIS HOUSE?!"

- **Purchased Direct from Owners** Many Cash Investor houses are sold directly by the owners, without a real estate agent.

Sellers respond to ads or letters from Cash Investors or Wholesalers.

These houses are often NOT listed "For Sale" with real estate agents.

- **Paid for With ALL Cash** No bank financing on Cash Investor DEALS. Banks do NOT lend money on houses in such terrible condition.

- **Purchased Below Market Value** Houses in the Cash Investor market are sold WAY below market value to account for the repairs needed.

The Cash Investor Buyer must complete the repairs AND make a profit. Otherwise they could not stay in business.

- **Lightning Fast "As-Is" DEALS** The Cash Investor DEALS close fast. The average time from the first phone call to an investor until the settlement table is 30 days.

Why is it Important to You as a Wholesaler to Know About these 2 Markets?

You need to know the difference between the Retail Market and Cash Investor Market so that you operate in the right market. As a wholesaler you are going to operate in the Cash Investor Market, not the Retail Market.

A good deal to a Retail Buyer might be 10%-15% off the retail price. While a Retail Buyer may think this a good deal, a cash investor DOES NOT.

Many new wholesalers and investors have trouble finding a DEAL because they try doing DEALS in the retail market. They try to assign a good retail deal to a cash investor.

REAL DEALS are usually 65% of Retail Value-Repairs. The average \$200,000 house in the investor market needs \$45,000 worth of work. That house will sell for about \$95,000-\$100,000.

As a wholesaler you are going to determine what a house will be worth AFTER the renovations are complete.

You will need to look at every potential DEAL through the eyes of the Retail Buyer who will eventually live there once the renovations are complete.

Two Types of Residential Investors

Although every investor's buying criteria-their investment strategy -is slightly different, there are two main types of Residential (Houses) Investors. There are Buy & Hold Investors (Landlords) & Retail Fix & Flip Investors.

1. Buy & Hold Investors-Buy & Hold Investors are investors who **buy and hold rental property** for the long term passive income (rents). Buy & Hold Investors buy **rental houses**.

Buy & Hold Investors are your bread & butter. Buy & Hold Investors are great Buyers to maintain relationships with because they often buy many DEALS.

Find out what & where they are buying and go find those DEALS.

Many of these investors have specific buying criteria- and they will be happy to tell you ask them. They often maintain their rental portfolio (rental houses) in one geographic area.

Buy & Hold investors buy in very specific neighborhoods where their contractors & other rental properties are located.

Some of the Buy & Hold Investors NEVER SELL ANY OF THEIR HOUSES. They just hold them forever and keep collecting the rental income. Hence the term "Buy & Hold."

Not all Buy & Hold Investors are the same. Some Buy & Hold Investors will buy just a few houses. They are still good buyers and you can make money selling them DEALS.

The best Buy & Hold Investors buy large volume. They are usually well funded organizations with many partners, employees, and contractors to build out the DEALS you sell them and maintain their large rental portfolios.

We have a few large volume Buy & Hold Investors in the Philadelphia region who buy 10-20 houses per month.

Even though these large volume Buyers are great for your wholesaling business it is important to develop relationships with as many Buyers as possible.

Not every investor defines a DEAL exactly the same way. Some investors can build out the DEAL (complete the construction) much cheaper than the next guy, and may pay a little more for your DEAL than another investor.

How "Buy & Hold Investors" define a DEAL

The high volume Buy & Hold Investors search for houses they can buy & renovate and then refinance to get their cash investment back out of the DEAL. They use the refinance cash to go buy the next rental. That is how they keep the cycle going.

Right now banks are lending 70% of the appraisal value on refinance. This means the Buy & Hold Investor wants to be "all in" for no more than that 70% of the value including repairs. And they always want to cash flow after the refinance.

"All in" are costs including purchase (and your assignment fee), renovation costs, & carrying costs while construction is taking place and searching for a tenant.

Many investors use private money sources with interest rates of 10-18%. The investor is paying that high interest rate the entire time the project is being constructed and until they are able to refinance that money out of the DEAL and pay off their lender.

It really is a great strategy: borrow ALL the money at 10-18% interest to buy the house, complete construction, and find a tenant and then borrow ALL the money at 6-7% interest from a bank to hold the property over the long term. It is common to see investors in the market here in Philadelphia who do this and earn \$300 cash flow after expenses. Many investors build large portfolios using this strategy alone, buying, renovating, & renting their way to 100 houses.

Target Market for Buy & Hold Investors

The target market for Buy & Hold Investors is the area of town where most of the rental houses are located.

You can look in the Sunday newspaper or on Craigslist at the "Rental House" section to see where there are a lot of rental houses located. It is usually located in the older sections of the market. That is the target market.

Large cities have sections where many rental houses are located. I know it seems obvious, but where the rental houses are located is the same place where landlords actually buy houses. This is where there are DEALS happening.

Once you develop marketing systems in the rental areas, you will have a steady source of DEALS to supply Cash Investors.

There are more deals happening in the landlord markets.

The assignment fees are generally a little lower on landlord houses, about \$3,000-\$6,000 on average.

Because more of these deals actually happen, you can make good money focusing your effort on landlord deals.

Because the houses are usually much older, there are more sellers willing to accept the cash offer-discounts necessary in order to make a deal.

When you are selling your DEAL there are more cash buyers who are ACTUALLY buying in the landlord type rental neighborhoods.

2. **Retail Fix & Flip Investors**-Fix & Flip investors **buy, renovate, & resell houses** for short term (less than 12 months) income.

Fix & Flip Investors will go where the deal is located. Often these investor look far and wide to find deals and unlike many buy & hold investors they will buy houses located all over their county or even region.

Some Fix & Flip investors I know will buy houses an hour from their house.

Come to think of it, 4 of the houses that we are flipping right now are 55 minutes from my house!!

There are 2 reasons Retail Fix & Flip Investors will invest farther from home:

1. Short Term Ownership When there is opportunity to make a profit on completing a project that is farther from home, it is often worth the drive- because it is a temporary situation.

2. Lack of REAL DEALS Fix & Flip DEALS are usually beat up houses in nicer neighborhoods.

While some of these Fix & Flip DEALS are located in the rental areas, the best DEALS are located in neighborhoods with less rental houses and more home owners.

Retail Fix & Flip Investors see less of these type of DEALS come across their desk, so when they do, THEY ACT FAST and go wherever the DEAL is located.

How a Retail Fix & Flip Investors Define a DEAL

Retail Fix & Flip Investors or Flippers define a DEAL with this formula:

Retail Flip Purchase Formula

$$65\% \text{ of ARV - Repairs } = \text{Purchase Price}$$

Some Investors may go up to 70% of ARV Minus Repairs.

We are going to cover DEAL prices and offers later in the book.

As a wholesaler, you will come across both types of DEALS and serve both types of Investors as your clients.

Target Market for Fix & Flip Investors

The target market for fix & flip investors is any neighborhood where there are home-owners buying houses for retail prices.

These are neighborhoods where more people are home owners rather than tenants in rental houses.

In older cities there are sections where "gentrification" is happening.

Gentrification is a term used to describe older neighborhoods with run down housing inventory being redeveloped for new residents of a higher income demographic.

These are "hot" neighborhoods. Values are going up fast in these neighborhoods. Because of the increase in value, Fix & Flip Investors can buy, renovate, & resell houses for profit.

Gentrifying neighborhoods are a hotbed for Fix & Flip Investors. There is many old houses which need to be purchased, renovated, & resold.

In other words, the supply & demand of potential DEALS is humungous in gentrifying neighborhoods.

Other than gentrifying neighborhoods, fix & flip deals happen all over every town. They happen in \$130,000 neighborhoods and they happen in \$1.5M neighborhoods. They are less frequent and less targeted than the rental neighborhoods.

Fix & Flip deals are more easily targeted by the look of the actual house than by looking on a map.

You have a better chance of driving by a fix & flip deal than trying to spot it on a map. We will cover "driving for dollars" later in this book.

What Does a REAL DEAL Look Like?

If you drive by a house, how do you know if it is a DEAL?

A REAL DEAL is a house that needs repairs.

As an investor, you are buying houses below market value so that you (or Your Cash Buyer) can increase the value by completing repairs and earn a profit.

If the house is Retail Ready, we don't expect people to sell at 65% of value.

This is the discount we need in order to make a profit. Later in the book we will cover the reasons why this discount is necessary.

We need houses that are NOT RETAIL READY.

We want the ugly, most horrifying houses that are out there.

This is your service to society, buying horrifying houses, completely renovating them and moving a family in to make it a home again.

This is your role as an investor.

In the beginning your role is to find decrepit houses so that other investors can do their part and bring them back to life!

Every once in a while you will complete a DEAL on a house that is in decent condition, but you'll save a TON of frustration by targeting houses that meet one of the following situations: Either the house is in need of repair or the house is vacant.

Usually REAL DEALS will be both vacant & need repairs.

Needs Repairs

The house you are looking for needs a complete renovation. You can see this from the street as you drive by.

The garage door is broken or old. The roof is falling apart or maybe has a blue tarp draped over.

The current owner, the seller you'll meet does not have the money or the willingness to invest in completing the renovations themselves.

Their best option is selling to a Cash Investor "As-Is" and starting over.

Many of the DEALS I complete are Estate Sales where the parents have passed and I am buying the house from the heirs to the property.

The heirs have no desire to renovate the house. They inherited the house and are just interested in being done with the entire situation as fast as possible.

Houses that need total renovation are the best fit for a Cash Investor Market sale.

Vacant

Vacant houses are not being used. If the house is vacant it is producing no rental income.

Houses cost money every month to maintain. Taxes, utilities, trash & sewer fees are due whether someone is living in the house or not.

Houses that have been vacant for a long period of time are easy to spot once you know what to look for.

Tall grass, un-shoveled snow, newspapers piled on the step, and mail bulging out of the mailbox are all signs of a vacant house.

Develop an eye for spotting vacant houses and you are sure to make money as a wholesaler.

What are the Steps to Successfully Wholesale a DEAL?

Chapter 4

9 Steps of a Wholesale a DEAL

There are 9 steps to completing a wholesale DEAL. These are the basic steps with certain skills to master.

In the beginning of your wholesaling career I suggest that YOU actually DO each of these steps yourself.

Figure out how to talk on the phone. Figure out what type of marketing works in your market. Learn the values in the neighborhoods where you are doing DEALS.

After you master the basic skills of wholesaling real estate you can start outsourcing certain pieces of the process.

First you master the basic steps of completing DEALS. You do this by CLOSING DEALS and GETTING PAID! Then you can teach someone else to do some of the work to free up your time.

Making offers & negotiating with Motivated Sellers is the most valuable place to spend your time. Being in the living room looking at houses and talking with Sellers is your prime time.

The 9 Steps to Complete a DEAL

1. Market for Motivated Seller Leads

Seller leads is the life blood of a wholesaler's business. Even after you graduate to buying the deals yourself, you can negotiate much better deals when you are talking directly with the seller of the property.

When the owner calls you directly, and the house is not listed with any real estate agents on the MLS, you can buy that house with very little, if any competition.

Your success depends on your ability to first develop a marketing plan that works for you and then consistently executing that marketing plan.

2. Handling the Phone Calls

Once you begin receiving phone calls from your marketing efforts, you need to determine if the seller is motivated to sell.

REAL DEALS are made with sellers that MUST SELL.

If the seller you are speaking with is "just thinking about selling", they are not motivated and you should not go see their house.

On the other hand, if the seller you are speaking with tells you they are being transferred to another state for work, you should immediately schedule an appointment to see the house.

We will go into more detail on how to determine motivation in a later chapter.

You'll also have the opportunity to download the "Seller Call Script" to use when you begin receiving calls.

3. The Living Room-Meeting the Seller

Take a tour & build rapport.

The goal on the visit to the seller's home is to first build rapport with the seller and second to evaluate the condition of the home.

Ask the seller if you may take pictures-they always say, "Yes."

Take pictures of each room and any special items that are in need of repair. 10-20 pictures are a good amount for the average 3 or 4 bedroom house.

Take photos of the exterior, interior, kitchen & bath, mechanicals (heater, electrical panel), & of each bedroom.

When you take the pictures, stand as far back as possible to catch the widest possible shot of each room-you may need to ask the seller to step back a bit so they are not blocking your shot.

Right before I leave the house, I ask the seller one more time, "What is your bottom line price if I pay cash and buy this house "as is"?"

I am expecting them to give me a slightly lower price than they originally gave me on the phone. This is a pre-negotiation strategy to get them to lower their expectations.

As I leave I tell them, "I'll call you tomorrow to let you know what the offer is after I run the numbers."

The average time to spend on a showing is 30-45 mins. Any longer and you are wasting time, too short and you haven't built any rapport with the seller.

Remember this, people do business with people they like.

4. Making the Offer

The first step in making an offer is calculating the offer price.

Estimate the cost of repairs.

Figure out the **ARV** (After-Repaired Value) by analyzing the **Comps** (comparable sales) in the neighborhood that are in GREAT CONDITION.

Figuring out the ARV is a skill that you will develop by analyzing many deals as you calculate your offers.

This is the market knowledge that you can only develop over time.

When you are new and just starting out, find a more experienced investor or real estate agent to help you figure out market knowledge in the beginning.

If you can find an experienced wholesaler willing to help you on the first few DEALS, it might be worth splitting the DEALS 50/50 if they can help you get them closed.

Choose your mentor carefully-like any business, not all wholesalers are created equal.

An experienced wholesaler should have closed a minimum of 10 DEALS. Any less than 10 closed DEALS and the wholesale you are talking to is still a beginner.

Calculate the offer based on the type of neighborhood the deal is located.

Use For Retail Fix & Flip DEALS

Retail Flip Purchase Formula

$$65\% \text{ of ARV} - \text{Repairs} = \text{Purchase Price}$$

Example: \$100,000 ARV House
\$30,000 Repairs Needed
\$65,000 (65% x ARV) - \$30,000 (Repairs) =
\$35,000 Offer Price

Use For Buy & Hold DEALS

Buy & Hold Purchase Formula

$$\text{Low End Comps} - \text{Assignment} = \text{Wholesale Purchase Price}$$

Example: \$25,000 (Lowest Comp)
\$25,000 (Comp) - \$5,000 (Assignment Fee) =
\$20,000 Offer Price

Call the day after you meet the Seller to make your offer. Make the offer like this:

"I have great news, I've got an offer here for you.
The offer is Twenty Thousand Dollars....(**THEN SHUT UP**)."

Wait for the Seller to break the silence once you give them the offer.

You will be tempted to explain the offer or make excuses for why the offer is low. You will want to fill in that silence, **BUT DON'T SAY A WORD UNTIL THEY DO.**

The seller will fill that silence with either questions about the process, or maybe a counter offer. They may say the offer is too low.

Your goal is to get them to say a REALISTIC number at which you can do business. A REALISTIC number is a number pretty close to your original offer.

Before you agree to ANY number higher than your original offer, tell the seller,

"I don't know if I can do that number, but if I can do that number, **DO WE HAVE A DEAL?**"

If they say, "Yes, we have a deal,"

I say, "I don't know if I can do that, let me talk it over with my partner and I'll call you back soon."

You want them to commit to the deal while you still need to review the deal with your partner.

Referring to your partner for approval is a strong negotiation strategy to get them to commit when you have not.

Once you agree on the number it is time to sign the agreement of sale.

5. Sign the Agreement of Sale

Unless circumstances make it impossible, the agreement of sale should always be signed in person. Impossible circumstances include out of state sellers, elderly sellers in nursing homes, sellers in jail, etc.

Always complete the agreement in person so that you can get a copy of the key to the property. Tell the seller you need a copy of the key to put in a lockbox (bring one with your) so that your contractors and funding partner can come back through the property later to take measurements for cabinets & windows etc.

This is a matter of convenience to the Seller.

Tell them you need a key in the lockbox so they don't have run back over to the house 25 times while you gather your official repair estimates and material orders.

Lockboxes are small key safes that hang on the doorknob. They allow you to give people access the property without having to go and meet them every time.

Various Lockboxes



If the property is vacant, most sellers have no problem giving you a key to the house.

However, if they are still living in the house, don't ask for a key.

NOTE: It is easier to sell a vacant house than one with the seller still living there.

6. Order Title

You should order title immediately after signing the agreement.

The title process takes 10-14 days or longer depending on what "clouds" need to be cleared before settlement.

"Clouds" on title include mortgage satisfaction documents, death certificates, estate paperwork and many other different situations.

Although it will take a few days or even a few weeks to find the End Buyer for your deal, you want the title process going from the very start.

That way once you find your End Buyer you can go to settlement immediately-even before the contract expires.

7. Find a Buyer for the DEAL

Once you order title you begin marketing the deal to potential buyers in your area.

Send the deal out to your buyers list, post ads online, & put the deal on the MLS using a flat fee service.

We will go into more detail on finding a buyer for your deal in later chapters.

8. Notify Title Company of New Buyer

After you and the End Buyer agree on a price (including your assignment fee), notify the title company that there is a New Buyer.

The title company will need some information from the new buyer to clear them for settlement.

That information includes corporate documents & tax ID numbers for the name or company in which the New Buyer chooses to take title.

Only notify the title company of the New End Buyer's information AFTER you collect a deposit and sign the assignment.

9. Attend Closing & Collect Your Check

When you have your New End Buyer lined up and cleared with the title company and the title work is clear to close you can schedule settlement.

Always attend settlement. You don't need to be there legally, but it is smart to be there in case anything goes wrong.

You never know what might happen at settlement that could blow the deal up.

If you are not there, you are placing the seller in direct contact with the seller. You don't need any conversations taking place right before your DEAL closes between the End Buyer and Seller.

Surprises come up at settlement and you are in charge of "refereeing" to make sure everything goes as it should.

These are the basic steps of completing a wholesale deal. There is much more information to come on each individual step in the rest of the book.

The DEALS start flowing once you start marketing for Motivated Sellers. Let's get started.

Chapter 5

Marketing for Motivated Sellers

The name of the wholesale game is to contract a house from a motivated seller and then find an end buyer to pay your assignment fee.

Not all Sellers are willing to accept the offer you are going to make.

Contracting DEALS is a numbers game-meaning you are going to make a lot of offers for every DEAL you contract.

A Motivated Seller is a Seller that MUST SELL the property.

Motivation Reasons Include:

- Divorce
- Vacant Property
- Bad Tenants/Eviction
- Foreclosure
- Tax Sale/Tax Delinquencies
- Job Relocation
- Estate Sale/Inherited House
- House in VERY BAD Condition

Motivated Sellers often do NOT have the time to wait around on the Retail Market for a higher price.

For a Motivated Seller, it is more important to sell the house NOW than it is to get the top dollar.

If you try making a wholesale offer to a NON-motivated Seller, you will only meet with frustration.

Believe it or not, there are sellers out there willing to accept a 65% ARV-Repairs offer.

When you are talking to some sellers for the first time, they will even tell you an asking price very close to that 65% ARV-Repairs number.

Motivated Sellers are Sellers that MUST SELL.

As a Wholesaler you MUST HAVE them calling YOU!!

Solve their Problem

Most Motivated Sellers have a problem on their hands-the house you are trying to buy.

You are going to discover that they might not have the money to fix the house themselves.

Or if they are going through a tough divorce, you might be just the solution for them to sell the house and move on with their life.

I bought a house today from a Seller's family member who went into the nursing home from dementia. She lost her mind and became a hoarder before the family became aware of the situation.

The nursing home is getting the money from the sale of the property and the family needed to sell it as fast as possible.

I made it easy for the family. I'm the one handling the cleanout. I'm the one who made the offer and DEAL within 24 hours of the first phone call.

That family had a problem-to deal with the mess left behind of the house they grew up in.

I provided the solution-a quick sale without the Seller ever having to enter the house again. All the repairs, dealing with the township, utilities, insurance, etc. are on me.

It is ALWAYS Better When They Call You

The best way to get a REAL DEAL accepted is HAVING THE SELLER CALL YOU.

Many new wholesalers try to call For Sale by Owner houses on the internet and attempt to negotiate a REAL DEAL.

While that is a great way to gain experience and get comfortable talking to Sellers, it is NOT a good way to contract REAL DEALS.

The best way to contract a REAL DEAL is to advertise so that the SELLER CALLS YOU.

When a Seller responds to your "We Buy Houses" advertising, they are usually in a position where the MUST SELL THE HOUSE.

MOST FSBO's are VERY UNREALISTIC

Most For Sale by Owner (FSBO) Sellers have a VERY UNREALISTIC asking price and are expecting a Retail Buyer to come along and pay market price (or EVEN HIGHER THAN RETAIL) for their house.

Often when you call a FSBO, the Seller is very cautious and doesn't really answer all of your questions (in the next

chapter you'll discover the exact script to use when speaking on the phone with a Seller).

Many FSBO Sellers are downright rude once they find out you are an investor.

FSBO sellers are usually trying to avoid paying a real estate commission and want to get every penny from the sale of their house.

Most FSBO's are NOT MOTIVATED & often don't understand the market.

Remember, you want to make DEALS with people who MUST SELL.

The Marketing Message-We Buy Houses

As a Wholesaler, your job is to find DEALS on houses that INVESTORS (End Buyers) CAN BUY & REPAIR.

As a wholesaler you are operating in the Investor market-Cash "As Is" DEALS.

The REAL DEALS are going to be in poor condition-usually unacceptable to any retail buyers in the market.

Your all cash "As Is" offer (even using the 65% formula) is a fair price for a house in such rough condition.

The correct marketing message to attract Sellers with that type of house is simply, "We Buy Houses."

Think about the "We Buy Ugly Houses" ads you see everywhere by Homevestors. They are targeting the "Ugly" houses.

When I first started in the business I thought that I could make a deal on any Seller that had a house-Ugly or Nice condition.

I used to go look at 20-30 houses for every DEAL that I contracted.

Now that I only go and see the houses that need renovations. I will go look at a Retail Ready house ONLY if there is serious motivation.

Serious motivation is an impending tax sale, foreclosure, or job relocation.

You can expect to see and make offers on 10-20 houses for every REAL DEAL you sign up. It is a numbers game.

Any letter you write to a Seller, any ad you purchase, and any sign you create should speak directly to someone who owns a house that needs a TON OF RENOVATION.

This seems simple, but once you grasp this, the quality of your leads-and the ease of your business-will skyrocket.

Mandatory Marketing Tools

You are launching your own business and you need to create a legitimate image.

Mandatory Marketing Tools:

- Motivated Seller Website
- Business Cards

If you are just starting out and don't have an office location, your entire image as an investor relies on your business card and website.

Any marketing materials you send out must have your web address.

Motivated Seller Web Site

As a new investor-or even a seasoned investor-your website is such a critical piece to the market's perception of who you are.

If you have NO WEBSITE, you might as well not even exist in today's technology driven world.

On the other hand if you have a professional website, you can direct Seller's to check you out online and boost your credibility instantly-EVEN IF YOU'RE BRAND NEW.

Real Estate Investors may create several websites or landing pages for different parts of their business.

A landing page is a lead generating, one page "site" that either Sellers or Buyers will "land" on depending on where you advertised the link to that landing page.

My success has come directly from my ability to find Motivated Sellers, so my website is focused toward Motivated Sellers.

Choose a web address that has something to do with houses and your location.

If you are in Houston Texas you might try to get www.HoustonHomeBuyer.com or www.HoustonHomeCash.com . You want a site that if someone only saw the name by itself they would instantly think, "Oh, they buy houses in Houston" or whichever town you want to dominate.

The purpose of your Motivated Seller website is to **CAPTURE LEADS OF PEOPLE THAT NEED TO SELL.**

There are two ways to capture the lead, either the seller calls you or they provide their information on a "Cash Offer Request Form."

Some Sellers feel confident picking up the phone and calling right away, while others prefer the "Cash Offer Request Form."

Website Must Have's:

- **Phone Number** Your phone number should appear on your website.

You can use a google voice phone number on all of your advertising-it is free (for now), forwards to other phone numbers, and offers great voicemail & call forwarding features. Go to www.voice.google.com to set yours up.

I use my direct cell number in my advertisements. I have had calls come in which turned into many tens of thousands of dollars-it is important to me to receive those calls immediately without any chance of missing the call.

- **Cash Offer Request Form** The "Cash Offer Request Form" is a lead capture form that you build into your website.

When the seller fills out the information on your form, you receive an email with all the information you asked for on your site.

Your Cash Offer Request Form Should Include:

- **Seller Contact Info** Phone number & email so you can call them to follow up.
- **Address of Property** Gather the address on the form so you can do some homework on the property before calling the Seller.

- **Asking Price** Some Sellers are going to enter a very reasonable asking price-close to the discount you need. They are the best leads.
- **Reason for Sale** Ask them to enter "Why are You Selling?" The answers to this question are the best indicator of Motivation. Do they NEED TO SELL NOW or are they just thinking about selling? You remember by now which answer you prefer.

Other Items to Include in Your Website

- **Office Address** If you have an office that is NOT your home address, include that. If you do not have an office in the beginning, get a P.O. Box at your local post office and list on the website as "mailing address."

If you don't have an office, don't worry about it. Many successful wholesalers and investors that I know don't have one either.

Their "mailing address" P.O. Box number is on their business cards. Their tenants only have their P.O. Box. It is not expected that every investor should have an office.

- **Info About the Process** Your website should include some basic information about the process of selling a house.

Check out www.DiamondEquityInvestments.com to see how I have set up my site.

DO NOT INCLUDE ANY INFORMATION ON WHOLESALING.

Sellers want a REAL INVESTOR to ACTUALLY BUY THEIR HOUSE.

Present yourself as a REAL INVESTOR from Day 1.

Remember, your goal as a wholesaler is to ACTUALLY BUY HOUSES some day, so write the content for your site the way you would as a REAL BUYER.

- **Logo** Find someone to professionally design a logo for your business before you set up your site. I suggest that you choose your domain name first (because of limited availability of many names) and design your logo around the web address you select.

Having a professionally designed logo puts your best foot forward.

A lot of newbie wholesalers do not have a website & logo, so the seller's perception of your business will depend largely on the quality of the design of your site.

Go to www.Fiverr.com and hire a \$5 designer to create a logo.

- **Pictures of houses**-People like photos on websites, but keep it simple-don't distract them from their purpose. Their purpose is to provide their information on the form or immediately call you. They can be pictures of houses you have bought, renovated & sold or you can choose pictures on stock photos sites taken by professional photographers.

You can see all these items in the example from my Website in the example on the next page.

Example of Motivated Seller Website

Are You Selling a House?
We'll Buy Your House "As-Is"
Provide the Following Info:

Name

Phone Number

E-Mail

Property Address

City


State

Zip Code

"Are You Selling a House?"
We Buy Houses for Cash


- "As Is"-You Make NO Repairs.
- Quick Cash Closing-No Mortgage Companies to hold up our Closing
- No Agent Fees-No Hidden Costs
- We'll Even Handle the Cleanout! Leave the Junk Behind!!

Ready to Receive an Offer?
• Complete the Form Or Call Now.




Dan Breslin,
Founder
"I Buy Houses FAST!"


Recent Renovations
[Click for Project Photos](#)



Gerald W. Said at Closing:
"You guys move fast. I like that!"



Karen Said at Closing:
"Diamond Equity was the best choice in a hassle free sale! Dan made everything very simple to understand and was always available to answer details along the way. It was an absolute pleasure (selling the house)!"



Diamond Equity Investments

Office Hours by Appointment

Directions From Philadelphia

- I-95 South to Exit 9 (420 North)
- Right at Second Light (Chester Pike)
- Office on Left at Huron Ave (1/2 Mile)
- (Across from Dunkin Donuts & Sunoco)
- Parking in Rear of Building.

Business Cards

DON'T HAND OUT BUSINESS CARD THAT YOU GOT FREE AT VISTA PRINT!!

You are supposed to be buying the Seller's house-and it is probably the biggest transaction in their life.

Sellers want to know that they are dealing with someone who can get the DEAL DONE!!

Spend the extra money on your business cards-they are going to be in the Sellers pocket through the whole DEAL and the extra investment you make will pay off in **MORE CREDIBILITY.**

Business Cards Must Have's

- **Web Address** Include your business' web address on your business card. Even if the Seller never goes to your website, just having the web address printed on the card gives you instant credibility.
- **Phone Number** I use my direct cell number-when they are ready to accept my offer, I want to receive that call.
- **Fax Number** I use an e-fax number from www.ringcentral.com. They had the best price and faxes come directly to my phone via email. I get all my important documents on the go.

When you are making a DEAL, the Seller will need this information at some point, and they will usually check your business card before calling you. Save yourself time by including it on the card.

- **Email Address** Same logic as the fax number. Sellers will check your card for your email address and it will save you a phone call.

For a huge credibility boost-make sure the email on your card is hosted at your company web address. It costs a little more money but **SUPERCHARGES YOUR CREDIBILITY.**

- **Marketing Message** Put a marketing message on the back of the card:

- "I Buy Houses that Need Repair" &

- o "I Pay Referral Fees When You Find Me a House!"
- o "We Buy Houses "As-Is & Pay Referral Fees"

Keep the marketing message on the back of the card and only contact information on the front.

How to Market for Motivated Sellers

Bandit Signs Band-it Signs are the yellow coroplast signs you have probably seen nailed on poles or placed on stakes in the ground.

They are an effective way of generating leads, however they are usually illegal in most areas.

BEWARE: City inspectors are known to call investors pretending to have a house to sell and fine the person that shows up at the property.

Some wholesalers I know put them up on Friday evening and take them down on Monday morning to avoid fines from the local government.

Example Bandit Sign



If you order Bandit signs for nailing on telephone poles, order "horizontal flutes." This means that the corrugation

goes horizontally and your signs will not "taco" in the wind on the pole.

If you are planning on using stakes in the ground with your Bandit signs, you need "vertical flutes." Vertical flutes are the standard in Band it signs.

Tax Delinquent Houses Tax Delinquent houses are a great lead source.

The owner may be motivated to sell because they are facing a tax sale and losing their house.

There is usually significant equity in these deals-meaning they can afford to sell-because anytime a mortgage is against a property the bank will step in and pay the taxes even when the owner doesn't.

Go to your local tax collector and find out when they publish the list of upcoming tax sale or tax lien property.

Get the list and go knock on the door and talk to the Seller of the properties that are in your target market.

When they answer the door, ask them if they are interested in selling the house-or if they know anyone else in the neighborhood who is selling.

You play the part of an investor who already buys in the neighborhood and is literally knocking on doors and talking to people to see if you can find another house to buy.

If no one is home, leave a card and a hand written note on yellow lined paper in red ink that says, "I am interested in buying your house, call me."

Send letters to every property on the list. Go in public records for your county and look up the owner's mailing address in the tax records if it is not listed on the tax sale list.

Many Sellers who are behind in taxes do not live at the property-it is a rental or vacant property. Again, short simple yellow letter stating you want to buy the house. Include the address of the house you are referring to if it is different from the mailing address.

Send at least 3 letters (as many as 7) a week apart.

If your tax collector does not publish a list of delinquent tax owners, you may make a "Freedom of Information Act" request. For more info on making a request, go to:

<http://www.foia.gov/how-to.html>

Pre-Foreclosure As I am writing this in 2014 we are recovering from one of the worst residential real estate recessions of all time (at least as far as anyone alive can remember).

Most houses that are facing foreclosure now are over-leveraged-meaning the Seller owes more money than the house is worth.

I have completed a few pre-foreclosure DEALS in the past, but not since 2008.

As a real estate investor your time is better invested in marketing to more productive lead sources-Like Estate Sales/Probate.

Estate Sales/Probate Someone passed away and now the house has been inherited by a Seller.

The Seller may have to go through Probate-a legal process to clear the house for sale. When they Seller files the estate paperwork in the county court house, it becomes public record.

You can go into your county court house to the recorder of wills and request the estate filings for review. Look for the information about the heirs and any real estate owned by the estate.

Send letters to the estate administrator/Executor, or call. Sometimes dropping by the property as described in the Tax Sale section can be effective.

You are looking for the estate sale houses that need repairs-AND THERE ARE A LOT OF THEM.

Often there was an older person living on a fixed income in the house and it was paid off years ago. They didn't have the money to do updating and now a cash buyer is the best option to quickly sell the house.

People are in an emotional state when they call to sell an estate house. They recently lost someone close to them-usually a mother or father. You end up being someone there to help them through this tough emotional time-selling their family's house.

When you build rapport and establish trust with that Seller, the DEAL will close smoothly and they will be happy with their choice (choosing you to sell their house).

Send a simple Yellow Letter to each person on the list.

Absentee Owner An absentee owner is a Seller that owns a house they do not live in.

This could be a land lord, heirs of an inherited property, or someone who moved out and left the house vacant for some other reason. You can build and buy a list of Absentee Owners at www.listsource.com .

As with tax sales, repeated yellow letters will work best.

Landlord/Tenant Court Records Go to the local eviction court and review records of landlords who have recently evicted tenants.

Right after an eviction is the most likely time that a landlord will be tired of the property and ready to sell. Evicted tenants often damage the property leaving a house that needs repairs on the Seller's hands. Knock or send letters.

2 Reasons to Go to Court: Go to the local eviction court and listen in on the session. You will learn a lot by eavesdropping on the court procedure.

As you pay attention to the landlords who are evicting their tenant you will begin to notice the difference in the way the seasoned landlords, the pros, handle the eviction compared to the "accidental landlords" who inherited a house or rented out one they had lived in.

1. Buyers-The seasoned investors are the people who handle the eviction well, as they have probably done this a few times.

Some of these investors are GREAT BUYERS.

You can network with these people and let them know you are interested in bringing them DEALS.

2. Sellers-The accidental landlords are often READY TO SELL RIGHT NOW-as their court proceeding wraps up.

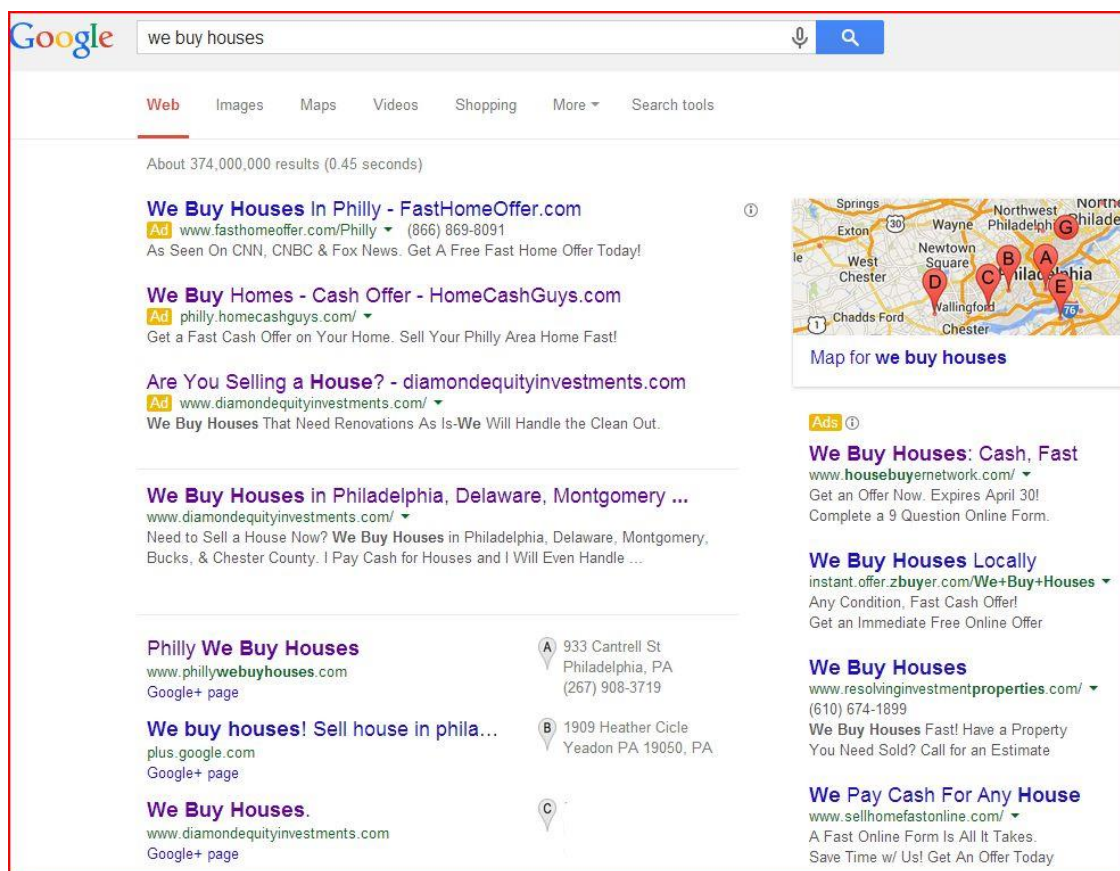
You will see the court process seemingly go against the "accidental landlords" in many cases because they don't know all of the rules that a landlord must follow. (The rules vary by locality and may include rental licenses, yearly inspections, maintenance requirements, escrow procedures, etc.)

Pay per Click Advertising

Pay per click (PPC) advertising can be a great way to generate leads. Sellers type "sell house as is" or "we buy houses" into Google and BAM!! Your ad shows up. (Along with 8-10 Competitor Ads)

You can see in the photo on the next page where some of the search results are marked "Ad." You can bid for those ad positions when you run PPC campaigns.

Google Search Results for "We Buy Houses"



- **Pros of Pay per click Ads:** You will get A TON of calls or web forms submissions from your PPC campaigns.

You can build a site, launch a campaign and have leads within a day or two. People are ready to sell when they

find you this way as opposed to you showing up at their door or in their mailbox.

The Sellers are engaging you on their terms-they decided to reach out to you, so they are easier to approach than someone whose door you knock on.

PPC ads allow you to start with a small budget \$5-\$10 per day. You can set your own budget and bid on the keywords you choose.

Google has tutorials and a phone support center to help you get started.

- **Cons of Pay per Click Ads:** You are in a very competitive situation when you are running PPC ads.

Some Sellers go down the whole page and have everyone bid against each other-tough race to win.

With PPC, you are bidding for position on the ads and your budget can be spent very quickly.

Be prepared for a bidding war with other investors to get the deal

To set up PPC ads, go to www.adwords.google.com

Example Adwords Account Page

	Campaign	Campaign type	Campaign subtype	Budget	Status	Clicks	Impr.	CTR	Avg. CPC	Cost	Avg. Pos.	Converted clicks	Cost / converted click
	Home in Philadelphia	Search & Display Networks	All features	\$10.00/day	Eligible	0	0	0.00%	\$0.00	\$0.00	0.0	0	\$0.00
	House to Stay	Search Network only	All features	\$7.00/day	Paused	0	0	0.00%	\$0.00	\$0.00	0.0	0	\$0.00
	Total - all but deleted campaigns					0	0	0.00%	\$0.00	\$0.00	0.0	0	\$0.00
	Total - Search					0	0	0.00%	\$0.00	\$0.00	0.0	0	\$0.00
	Total - Display Network					0	0	0.00%	\$0.00	\$0.00	0.0	0	\$0.00
	Total - all campaigns			\$10.00/day		0	0	0.00%	\$0.00	\$0.00	0.0	0	\$0.00

Classified Ads “Gold Mine Ad” This is how it was described to me early on. Find the local newspaper-and place an ad, “We Buy Houses that Need Repairs Call XXX-XXXX” or “We Buy Houses As Is Call XXX-XXXX”

You might have to try a few different newspapers before you find the one that works.

The name of the Classified Ad game is CONSISTENCY. You need to be there every day, not just every so often.

Some months I do several DEALS from my newspaper ads, and other months the phone doesn’t ring. No matter what I always keep the ads running.

Classified Ad Example

Apartments For Rent (Unfurn.)

UPPER DARBY \$790/mo
LONG LANE APTS.
 BRs, Incl all utils. Elevator
 Bldg. Near transp & shops.
 Call 610-734-1851

Upper Darby 1 BR \$740-
140/mo. \$300 off 1st mo
 nt. Call Merion Trace Apts
 610-352-6678

Upper Darby Stonehurst Ct.
 1 BR \$740; 2 BR \$895 Utils inc
 610-352-1879 www.wpinc.org

Upper Darby Oakwood Apts.
 C. Pk. 1BR, \$725; 2BR, \$825
 610-352-1879 www.wpinc.org

Apartments For Rent (Furn.)

ALL real estate advertising in
 this newspaper is subject to the
 Federal Fair Housing Act of
 1968, which makes it illegal to
 advertise "any preference,
 limitation or discrimination based
 on race, color, religion, age or
 familial status, sex or
 national origin, or an intention to
 make any such preference,
 limitation or discrimination."

Houses For Sale

FOLSOM \$185,000
OPEN SUN. 1-3PM
 801 6th Avenue
 Ridley Schools. Lrg Twin home
 (over 1440sf) 3 BR, 2 BA. Up-
 dated EIK, brand new
 Heater/AC, Newer Roof, Siding
 & Windows. Fin'd bsmt. Cov-
 ered back deck. Don't miss this
 one! Call 484-885-6866.

Garnet Valley FSBO \$239,900
OPEN SUN. 1-4PM
 170 Trotters Lea Lane
 Chadds Ford 610-361-1040.

Houses Wanted

AS-IS CASH DEAL We Buy
Houses. Call 610-555-1212
DiamondEquityInvestment.com

CASH FOR YOUR HOME
 WITHIN 72 HRS. CALL
 RAPPA R.E. 610-532-5400

EASY * FAST* SECURE
webuydelcohouses.com
 Call 484-483-5063.

Autos For Sale

Chester

\$500
TOWARDS
YOUR DOWN
PAYMENT

2007
 2011
 2004
 2010
 2008

View our Inventory at
www.chesterP.com

LOUGHHEAD

2011 Nissan Sentra 2.0 SR
 17,988 Miles
 Stk# 53201 \$14,995

Rooms For Rent

*****WE BUY HOUSES*****

Attorneys Referrals from attorneys are great leads-when an attorney recommends that a Seller speak to you about moving their property quickly, there is often no competition on the deal.

This means there is no bidding war with other Buyers.

Most Attorneys specialize in certain types of practice. The most abundant source of DEALS (houses that need repair) are the Estate Attorneys.

Estate Attorneys specialize in creating Wills and administering estates.

When a person dies, their estate is distributed to their heirs. Many of the heirs have their own homes and decide to sell the property associated with the estate. When the inherited house needs repair, investors are the obvious choice.

Building relationships with attorneys does take time & CREDIBILITY. Unless you have a connection with an attorney, wait until you close several DEALS and have a track record to help establish your reputation with attorneys.

FSBO Leads For Sale By Owner (F.S.B.O.-pronounced "fizz-bow) leads are posted in newspaper advertisements, on the internet (Craigslist, Trulia, Zillow, and other FSBO sites).

There are subscription services which will send leads daily to your email. FSBO leads are going to be mostly non-motivated sellers who need a retail number for their house, but occasionally you will find a house that needs repairs popping up.

The name of the game with FSBO leads is consistently watching every day for deals. Deals do pop up, but many people will be watching the same FSBO lead sources and the REAL DEALS get snapped up fast.

Most FSBO Sellers are VERY UNREALISTIC with their asking price.

Driving for Dollars "Driving for Dollars" is a term used in real estate to describe farming an area for potential opportunities.

BONUS ITEM-Go Claim Your **FREE Driving for Dollars Form** in the **BONUS PACK** at: www.WholesaleRealEstateMaster.com
(Your Password is **WholesaleMaster**)

Driving for Dollars is exactly what it sounds like. Print 10 copies of the Driving for Dollars form, attach them to a clipboard, and go out and drive up and down every street looking for opportunities.

Map out an area before you start and make a note of where you are going-so that you don't keep driving the same area next time you go out.

Write down the address of every house that looks like a DEAL (Vacant or Needs Repair).

Look for vacant houses, houses in disrepair, & FSBO's.

Anytime you see a FSBO, call immediately and ask the questions on the Seller Call Script.

When you see a vacant house or a house in disrepair, write the address of the house down on your "Driving for Dollars" clipboard.

Once you collect several addresses you will go onto the internet and find your local county tax record search or public records.

Go to google.com and search "(The county name, state) public records", or "(county name, state) recorder of deeds".

Once you find your county website, you will look for tax records, owner records, or public access. Many counties use slightly different names, but most have online access (Most are free).

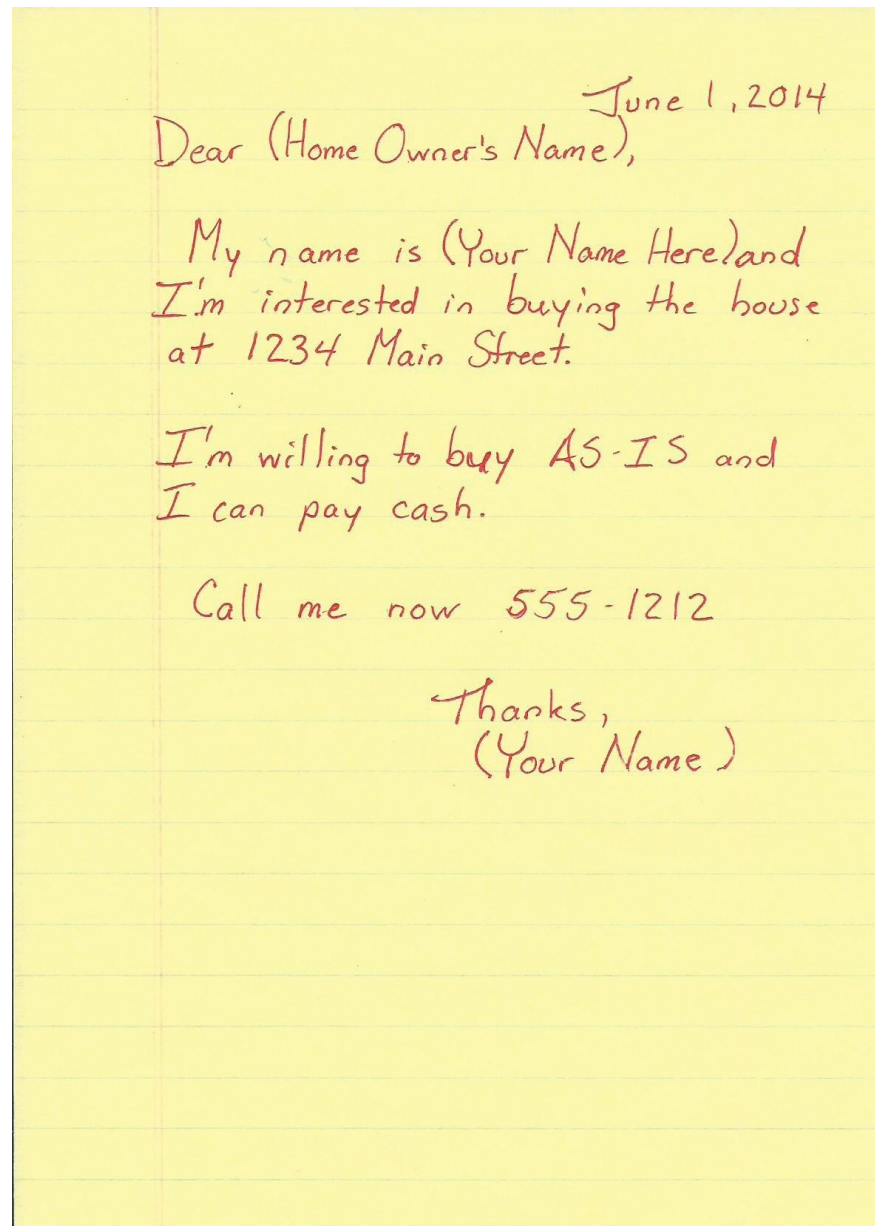
Research each address using your "Driving for Dollars" form.

You are looking for the address where the tax bills are being sent. This is where the owner receives their mail.

Write down the mailing address and owner's name on your form.

Once you have the names and addresses, get a yellow legal pad and a RED pen and write your letter:

Yellow Letter Example



Mail these yellow letters to every address on your list every 2-4 weeks until they call you and tell you to stop, or call and tell you they are ready to sell.

Marketing Plan

BONUS ITEM-Go Claim Your **FREE Marketing Plan** in the **BONUS PACK** by going to www.WholesaleRealEstateMaster.com
(Your Password is **WholesaleMaster**)

The trick with marketing to motivated sellers is to develop at least 2-3 sources that you can CONSISTENTLY run. Not all lead sources work in every market. You need to test a few to see what produces results in your market.

Go print out the marketing plan and decide which 3 marketing strategies you are going to test immediately. Success comes from consistent action.

Once you figure out what marketing you can do to get results, NEVER STOP. Keep the marketing running ALWAYS!!

When I first started investing I ran a newspaper ad that produced leads every month. The only problem with the leads was that they were all in a less desirable section of town that I did not want to buy.

Everyone calling on that ad seemed to have a house "for sale" in the war zone where there were drug dealers and rampant crime.

Every investor that I talked to said, "No one buys in that area-you have to find deals in better neighborhoods." This was after I had contracted a property in that neighborhood.

As it turned out, people were buying in that neighborhood. I ended up closing my first 3 REAL DEALS from that one newspaper ad. I made over \$20,000 on those first 3 REAL DEALS I still run that ad to this very day.

The point is that you have to find the marketing strategy that works for you, and stay with it. The key to your success is being in communication with sellers who MUST SELL their property.

Sometimes that communication will take weeks or even months of follow up until you get to the agreement of sale.

The best way to start communication with Sellers who MUST SELL is by marketing in many places and HAVING THEM CALL YOU. The seller who calls you is usually more receptive to your offer when they decided to call you (not the other way around).

Pick 3 strategies and get going on your marketing. Make your phone ring with new leads every day so you can fill the pipeline with DEALS!!

Now let's handle the calls that come in.

Chapter 6

ANSWER THE PHONE!

When you receive a phone call from a Seller, you have to ANSWER THE PHONE. Don't let it go to voicemail.

Strike while the iron is HOT!!

When the seller decided to pick up their phone and call you to sell their house, they are ready to do business right now.

There is a lot of competition for REAL DEALS in every market, and if you're not answering your phone there is a good chance another investor will answer theirs-and win the deal!

The go-getters who answer the phone are the ones doing the REAL DEALS.

Seller Call Script

The Seller Call Script is a list of questions you can ask when speaking to the Seller.

The script will help you collect enough information about the condition of the house, seller, and most importantly the SITUATION.

The first few times you speak with a Seller, you might be a little nervous and stumble your words a bit.

I remember when I first started in the business I sat with my dad and we took turns role playing phone calls with Sellers and going through the script of questions.

That role playing helped me TREMENDOUSLY when I started answering the phone for REAL Sellers.

Seller Call Script

Seller Call Script	
Wholesaler Name: _____	Date of Contact: ____/____/____
Seller Information:	
1. Who am I speaking with? (Owner of Property) _____	
2. What is the address of the property? _____	
3. What is the best phone number to call you? () _____	
Property Information:	
4. Can you tell me about the house? How many bedrooms, bathrooms & condition? _____	
Price & Situation of Sale:	
5. Is the property vacant? Yes / No	
6. Why are you selling? _____	
What is the bottom line number to get the deal done, if we pay cash, settle quickly, and buy the property "as is"? \$ _____	
<i>NOTE: This next section is where the seller may get defensive, if they do, don't push them for any more info.</i>	
7. What is the mortgage balance? _____	
8. Are the house payments behind? Yes / No	
9. How many payments? (if the payments are behind) _____	
10. How much are the monthly payments with taxes? _____	
11. If speaking with a landlord, ask him what the rent is/was? _____	

Practice makes Perfect

The more calls you make, and the more sellers you speak with, the easier the conversation will flow.

It is better to practice your phone communication skills on FSBO leads and Craigslist Seller rather than figuring it out on live leads. You are going to invest precious

marketing dollars in getting your phone to ring. Practice on the FREE leads.

When my students come to my Become a Wholesale Master Event, one of the assignments is to call 100 sellers.

The goal of the exercise is NOT to find a deal, but to develop smooth phone skills.

After about the 30th call you no longer need the script-you remember to ask for all of the important information by memory.

Go right now & download your **Seller Call Script** as part of your **BONUS PACK**. Print one copy so you can read along with the rest of this chapter.

BONUS ITEM-Go Claim Your **FREE Seller Call Script** in the **BONUS PACK** by going to www.WholesaleRealEstateMaster.com
(Your **Password** is **WholesaleMaster**)

Collecting the Information You Need

I use my direct cell phone number for my marketing, so when a Seller calls I answer the phone personally.

I invest a small fortune every month to generate leads, so I want to make sure they come to me directly. I am always ready to answer my phone. If I miss a call and they don't leave a message, I'll call them back.

I've done many DEALS by calling back an unknown number that didn't leave a message.

In the beginning you will have a phone script printed in front of you and go through each question the best you can.

Some Sellers will call and just start talking for 10 minutes straight and give you the answers to ALL of your

questions without even asking. Some Sellers will sit on the phone quietly and give short answers to the questions.

No matter who is on the other end of the phone, do your best to get all of the information completed on the Seller Call Script.

Eventually you will have the script committed to memory and be able to gather the necessary info on a regular notepad. Today I write the info on anything that I have- napkins, the top of a box, or any scrap of paper.

Should You Even Set an Appointment?

When you are first starting out I suggest you go see every house that you can. In the beginning you need to develop smooth living room skill the same way you practice being on the phone.

Eventually you will begin to notice that certain situations are more appropriate for the "As-Is" Cash sale that you offer the Seller.

When you become a Wholesale Master, you will only set appointments to see the houses that have the right situation to become a DEAL.

You don't go and look at every house, only the houses where the answers to your questions lead you to believe that there is a high probability of a DEAL being done.

Time is Money

Time is your most valuable resource.

Don't waste time going to see houses where the situation is not right to do a DEAL.

The situation is right when the seller is MOTIVATED to do a DEAL.

A motivated seller NEEDS TO SELL NOW!!

A motivated seller is a seller that is definitely going to sell the property in the near future and is willing to sell below market value.

If the caller is expecting a Retail Price, you explain that you are an investor and you are buying to make a profit.

If they are expecting you to pay Retail Value minus the commission, you should wish them luck and get off the phone as fast as possible. Don't waste your time or their time.

Motivation to sell a house comes in either by condition, the reason they are selling, or a combination of both. The answer to questions # 4 & 6 on the Seller Call Script will give you the best indication as to whether the Seller is motivated to do a DEAL or not.

In the beginning, go see as many houses as possible to develop the sense of whether there is motivation.

Remember, motivation to sell comes from either the situation or the condition of the house.

If you are ever in doubt about whether you should go see the house then YOU SHOULD GO SEE IT. The only thing you are risking is your time. You might land on a REAL DEAL.

Question # 4

4. Can you tell me about the house? How many bedrooms, bathrooms, & condition?

When the Seller tells you about the property (question #4), you want to pay particular attention to their answer about "the condition of the property".

You may have to ask a few more questions about the condition to coax a little more information about the condition.

Remember, you want houses that are NOT retail sale ready-they need kitchen updates, bathroom updates, paint, carpet, etc.

Many REAL DEALS we buy have the pipes stolen or other damage to the property.

Or they have been vacant so long that the radiators and pipes have frozen.

Or they have tons of wall paper and old cabinets.

Or there is a tree growing out of the top of the house.

See the Tree Growing Out of the Window



That is a picture of a REAL DEAL we are selling right now.

When they tell you about the condition of the house, you will begin to understand the difference between a "House For Sale" and a "REAL DEAL".

Remember, a REAL DEAL is a house that the owner really has no other choice but to find a cash buyer, an investor to buy it and fix it up.

An example of a "House For Sale" (NOT a REAL DEAL) is someone who is living in the house they are selling, and that house is in good condition, and their reason for selling is "Thinking about moving."

Remember, investors purchase houses substantially below the full retail value, spend money performing renovations, then resell the property to make a profit.

You Need REAL DEALS

If the Seller's house is already in good condition, there is a good chance they are only willing to sell at full retail value (or too close to Retail Value for you make a profit).

A Seller with a well maintained house who is in no rush to sell deserves full retail value. They need a real estate agent, not an investor. You are not a good fit for someone who needs Retail Value.

Retail House For Sale

A house that is in good condition means that the house is very presentable.

Kitchen & bathroom have been updated within the last few years, the walls are painted, the carpets & flooring are in near new & clean condition.

The electrical service has breakers (not fuses) & the heater is well maintained and working.

When the Seller starts telling you how fantastic their house is and how it is "move-in ready", you are probably talking to a Retail Seller.

Unless they have some other motivation to sell immediately, it is a waste of time.

REAL DEAL

A REAL DEAL might have an older kitchen (or maybe the kitchen is gone), old bathroom with the shower surround falling apart, holes in the walls, older windows, electrical fuses, leaking roof, etc.

The REAL DEALS are the ones where the seller tells you right up front that the house needs a TON of repair.

Beware that some sellers think the house is "OK" when the truth is that the house needs a TOTAL REHAB.

If they think the house is in "OK" or even "Good Condition," pay attention to their answer to Seller Call Script Question #6-"Why are You Selling?" to determine whether the house is worth your time to see.

Question # 6 "Why are You Selling?"

This is my favorite question. I joke with my students that I don't even care what the address is, how much they are asking, or how many bedrooms the house has.

I WANT TO KNOW WHY THEY ARE SELLING THE HOUSE.

When the seller says something like, "I just want to save the real estate commission, but my house is in great condition,"

I immediately inform them that I am an investor and I buy houses to FIX, and resell for a PROFIT.

I then inform them that we are going to be unable to make a deal that is anywhere near the retail value minus the 6 % commission they are trying to save and suggest they go hire a Realtor.

I get off the phone as fast as possible so I don't waste anymore time. That seller is NOT motivated to sell, therefore it is NOT a DEAL!

There are a few reasons that a seller MUST SELL the property.

Reasons a Seller MUST SELL:

- **Estate Sale** Inherited houses are the most common DEAL in my business. The heirs to the property were usually not the ones who spent all those years paying the house off.

The same heirs often do not have the money, skills, or desire to complete repairs and reap the larger profit.

Those heirs often just want to quickly sell the house before anything else happens that could damage the house or jeopardize the house even further.

- **Condition is VERY BAD** Sometimes the seller has just had the house deteriorate around them to the point that they just need to sell and move to an apartment or with family.

- **Divorce** When people are in the middle of a divorce, they often stop making mortgage & tax payments as their relationship sours.

Many divorces force the sale of marital assets-i.e. the house.

These sellers often just want the whole situation put behind them as fast as possible and will take any offer on the house.

- **Delinquent Taxes** Depending on the county or state where you live, there is a process for seizing property or selling property to raise the money due for property taxes.

When a seller is facing an imminent tax sale, their attitude is "better some than none."

Many of these tax delinquent properties need significant repair leaving only cash investors willing to buy.

- **Facing Foreclosure**-Similar to tax delinquent properties, the clock is ticking for those facing foreclosure.

Many sellers facing foreclosure just need something to start over with from the sale of their house. Beware of the foreclosure leads in today's market (2014), many are over-financed.

This means they owe more than the house is worth on their mortgage.

- **Job Transfer** When someone is transferred across the country unexpectedly, they often have little time to sell their house.

These sellers have often tried renting the property with a bad tenant experience. Sometimes they are left with a house in another state that ended up damaged- then their only option is a cash investor (like YOU).

- **Delinquent HOA or Condo Fees** Home Owner Association fees and Condo fees can cause the seller to lose their house to foreclosure.

They are happy to get out of the situation with a quick cash sale to put the whole thing behind them.

- **Failed Investor** Some investors buy a project and never finish the rehab.

Remember That the reward in real estate investing goes to the investor that finishes the job COMPLETELY.

There is no consolation prize.

These "failed investors" are cutting their losses by accepting your cash offer.

- **Bad Tenant** Not everyone is cut out for being a land lord. Some people "accidentally" become land lords- they inherit a property or end up renting out the house they previously lived in only to find that a bad tenant destroys their house.

That seller doesn't always have the skill, money, or heart to go in and rehab & re rent the house again.

The eviction process is a **VERY EMOTIONAL** process for the "accidental" landlord.

Reasons a Seller "Would Like to Sell"

(NOT A DEAL)

- **Thinking about moving** This means NOT MOTIVATED, and I'm NOT GOING TO SEE THE HOUSE.

I may give this NON motivated seller a ballpark offer right over the phone by quickly looking at the value on Zillow.com.

The ballpark offer is usually enough to ward off the time wasting Retail Seller.

This type of seller needs retail for their house and you can't give it to them.

- **Downsizing** This seller usually had the kids grow up and move out and now they want to down size. The need to consult a real estate agent.

You're an investor and can't help this one...**UNLESS the house NEEDS TONS OF REPAIRS.**

- **Want to Avoid Paying Commissions** This seller is trying to squeeze every penny out of the sale of their house. They don't want to go through all of the time, work, & negotiation involved with a Realtor sale on the market.

That is the same time, work, & negotiation that YOU (or Your End Buyer) will have to go through PLUS make a PROFIT!!

Give this seller NONE of your VALUABLE TIME. Give them instead a ballpark figure on the phone.

- **Just Trying to Make a Huge Profit** I'm not even kidding, a seller told me they were trying to make a huge profit by selling the house to me for \$40,000 above a FULL RETAIL VALUE OFFER they had received from a school located next to their house.

\$40,000 MORE THAN RETAIL!!! Not going to see that one, and neither should you.

To Set or Not to Set?

(the Appointment to See the House)

While you are still on the phone with the seller you decide whether or not to set an appointment to see the house.

If you sense that there could be a REAL DEAL, then set the appointment to see the house.

REAL DEALS are houses that can be purchased at a low enough price to allow an Investor to buy the house (including your assignment fee), repair the house, & make a profit.

What happens to a lot of new investors is that they fall into a trap of wishing that EVERY phone call they receive could turn into a DEAL.

These investors waste countless hours looking at houses with sellers that have no motivation to sell.

They are trying to do a DEAL where there is NO DEAL.

You can get burned out fast on the wholesaling business if you waste too much time on wishing expeditions-looking at Retail Houses with NO Motivation.

Learn how to spot the difference between a Motivated Seller and any other Retail Seller with a "House for Sale".

This will save you TONS OF VALUABLE TIME.

In the beginning it is good to go see as many houses as possible so you can practice talking with sellers in person.

Your goal as a brand new investor is to go meet with live Sellers & develop your "Living Room" skills.

Chapter 7

The Living Room How to Handle the Showing

As a wholesaler you are going to buy your best DEALS directly from the Seller.

Because you are going to do most of your DEALS in the living room, we call this the Living Room.

The Living Room skills are mostly building rapport with the seller.

Being personable and getting the Seller to talk about their self.

You want to learn as much as possible about them as a person and their situation with the house they are trying to sell.

Remember, people do business with people they like.

I have had more than one seller tell me that someone else had offered more money than I had, but they felt more comfortable selling to me for my slightly lower offer.

Bring a flashlight with you to look at the house. Get one of those big heavy Mag lights.

How to Handle the Living Room:

- 1. Take a Tour & Build Rapport**
- 2. Take Photos**
- 3. The Graceful Exit**



1. Take a Tour & Build Rapport

When you arrive at the house and meet the Seller, ask them to give you a tour. Even though they are trying to sell you their house, you should take charge.

Some new investors are worried that the Seller is going to "find them out" that they have never done a deal before.

Don't worry-they have never done this before either. They are looking at you to be the expert. Act confidently and it will soon be second nature.

The Seller has never done this before-sell a house "as-is" to a cash investor and they look to you for direction.

So you ask them to give you a tour-they will sometimes ask, "What do you want to see first?"

Answer, "Let's start upstairs and work our way down." It is good to start upstairs so you have a chance to talk with the Seller along the way.

As you go through their house, keep your eyes open. Not just for the condition of the house, but also things the Seller may have that give you some information about THEM.

Often there will be photos or other personal items in the bedrooms & living area that will give you clues as to the person you are dealing with. You may have things in

common with the Seller and figure that out based on the items you see on the tour.

This is how you build rapport with the Seller. People want to do business with people who are like them. Find things that you both have in common as you go through the house.

For example, if you are a golfer and spot the Seller's clubs, you might make some small talk with them about golf. Or you may see pictures of their kids-who might be grown now-and it gives you a chance to ask about their kids.

People love to talk about themselves and they feel comfortable being with a good listener. There is a fine balance to this art of building rapport. Some Sellers will talk with you for hours and it is your responsibility to move the process along gracefully.

Try to listen more than you talk. People feel comfortable with people who listen to THEM.

Being in the house with the Seller, remember, IT IS ALL ABOUT THEM. People love to talk, so let them talk.

There's a book you should read on building rapport is "How to Win Friends & Influence People."

It may be obvious, but NEVER say ANYTHING that could be offensive to the Seller. It doesn't happen often, but never participate in any questionable conversations. Stay away from politics or other touchy subjects.

When the Seller is talking listen for clues about the REAL reason they are selling. They may have already told you a reason, but sometimes Sellers will reveal more information during the showing. The additional information helps you when you prepare your offer.

2. Take Photos

During the tour you'll take pictures of the house. The pictures you take during this tour as the pictures you will use to sell the DEAL to the end Buyer (after you get the contract).



You can use the camera on your phone to take these photos. You want enough photos so you can review the condition of the house when you sit down to prepare your offer.

Avoid the trap of thinking to yourself, "I'll take pictures later, after the deal is accepted."

ALWAYS get pictures of the house on the first visit.

When you look at so many houses, it is impossible to remember the condition of the house without plenty of good photos.

Sometimes negotiation with a Seller goes on for months before they accept your offer.

It is much easier to refer back to the photos you have taken before making an agreement.

Create a Google Drive (drive.google.com) account (Free to get started) to store your photos. You can access the files from any internet connection. Create one main folder for all the properties you look at and one folder inside that for each address. You'll have a record of the houses you looked at right there in the photos.

PHOTO TIP: Stand as far back from the room that you can to get the widest possible shot. Sometimes you have to ask the seller to move back out of the photo.

I ask them jokingly, "Do you want to model for me?"

They laugh say, "Oh No," and then move out of the way.

It is a subtle way to ask them to move.

ALWAYS take the Following Photos:

- 1. Exterior Front, Side & Rear** The exterior photos should be taken from a point far enough back that you can clearly see the exterior condition of the house.
- 2. Kitchen** Take the kitchen photos as far back from the room as possible. You want to clearly see as much of the kitchen as possible in one photo-floor, cabinets, appliances, etc.
- 3. Bathroom(s)** Just like the kitchen photos, take from the farthest point back from the bathroom as possible. You want to include as much of the bathroom as possible in one photo.
- 4. Bedroom(s)** Ditto from the kitchen & bathroom. If there are any items that look very bad (roof or wall damage), be sure to include that in the photo.

You want to be able to give your end Buyer the same experience with the photos that you had on your physical visit.
- 5. Basement** Take photos of the heating unit and hot water heater. Take a photo of the electrical panel. Take photos of anything else that will need repair. Water in the basement, rotten or termite damaged joists, etc.

Property Evaluation Checklist

BONUS ITEM-Go Claim Your **Property Evaluation Checklist** in the **BONUS PACK**; go to www.WholesaleRealEstateMaster.com
(Your Password is **WholesaleMaster**)

As you go through the house-or as soon as you get back to your car, make notes on the Property Evaluation Checklist.

You might want to bring the form in the house on a clip board and make notes as you go.

The goal with this form is to make sure you are looking at ALL THE REPAIRS needed.

The checklist will help you learn how to estimate the repairs.

When you sit down to prepare the offer, you'll refer back to the Property Evaluation Checklist & photos to work up your repair estimate.

Eventually, once you have looked at a few hundred houses, you will be able to evaluate and estimate the construction costs by memory.

Take photos & observe (or ask the Seller) the following items:

1. When the roof was last replaced? Is it currently leaking?
2. Are there replacement windows? Do they need to be replaced? If so, how many?
3. Are there electrical circuit breakers or fuses? Any obvious electrical issues?
4. Are the floors and walls straight? Or are the floors sloping?

5. How many interior & exterior doors need to be replaced?

6. Are there exterior concrete repairs needed?

As you go through the house with the seller you should ask about repair or problem items as you go through the property with them. You gain information about the condition of the house by asking questions, but more importantly you are positioning yourself for negotiation.

By noticing & mentioning problem areas you are subtly devaluing the house.

The Seller usually thinks the house is in better condition than it really is. When you point things out as you go along you are quietly presenting the true condition to the owner.

The entire time you are pointing out repair items you should be silently shaking your head "no" in reaction to the condition of the house. This sends a body language signal to the Seller of "Not good." This is all part of your Living Room presentation.

Use your flashlight like a laser pointer and focus on repair items as you go through the house. You are trying to get the Seller to look at and acknowledge every single repair item as you go through the house.

Some Sellers will explain every last repair item while other Sellers play dumb as if they didn't know about it.

Either way, focusing their attention as you go through the house helps break their denial about the true condition of their house.

The Seller is usually in denial about how bad the condition is.

They will try to convince you that the place "just needs a little cosmetics" when it really needs a full rehab.

DON'T AGREE WITH THE SELLER AS THEY TELL YOU HOW GREAT THEIR HOUSE IS.

Don't argue with them about the condition just stay quiet and let your actions show your disagreement.

If you handle the showing correctly, by the time you leave, the Seller is wondering if their house is even good enough for you to buy!!

This is exactly the state of mind you want a Seller to be when you are about to make the offer.

The cost of repairs varies depending on where in the country you are located.

You will need to learn the rough cost of repair items in your local market.

Here in Philadelphia the price of construction labor varies depending on where you are located and the contractors you are dealing with.

The best way to learn the approximate cost of work is to ask other investors what it costs them for various items.

Ask Local Investors

"How much is a total kitchen renovation in your rentals? How about in a house you are flipping?"

"How much do you pay for replacement window installation? How much with capping (aluminum trim on the outside of the window?"

"How much does a Heating & Air Condition system cost to replace?"

"How much does one sidewalk block cost to replace?"

The best way to learn how much construction costs in your market is to talk with other investors.

3.The Graceful Exit

At this point you have taken the tour & built rapport, noticed all the repair items and taken plenty of pictures.

Now it is time to talk numbers.

NEVER make an offer on the spot.

Before you leave ask the Seller again, "So if I pay cash, and buy the house, "as-is", what is the bottom line price to get this deal done?"

Expect a lower number than they told you on the phone. Sellers often come down to reality after you point out repair items throughout the house.

Sometimes people say, "I don't know, make me an offer"

The truth is that they have a number in mind, but they are unsure as to whether the number they are thinking is realistic or not.

They may also think that you might just offer more than that number they have in mind.

No matter what price they say, tell them, "Let me run through the numbers, talk this over with my partner and give you a call tomorrow to let you know either way."

Leave the seller in suspense for the night while you "work the numbers" to give them the impression that you put some thought into the offer.

The truth is once you gain enough experience in estimating the repair budget and understand the values in the neighborhood you are working you can make the offer right on the spot.

The whole showing of the property should take between 30-45 minutes total.

Negotiating Strategy: Always Refer to Your Partner

You always want to present yourself as though you have to check **EVERYTHING** with a partner (even if it is just YOU).

This allows you to get the seller to agree to something, like the price, but allow you to still have to go back and talk to your partner.

When you are negotiating, avoid the trap of wanting to be the decision maker in the eyes of the seller.

Sometimes people take an attitude like, "I'm the boss, and I can make or break this deal."

That is a weak position to negotiate a deal. It puts you on the spot to make a quick decision. Mistakes are made in quick decisions.

Anytime I am buying a house, and the decision maker is NOT the person who I meet, it is FRUSTRATING because I don't know who I'm dealing with.

The person who is making the decision has the position of strength and can make their decision without any distractions or pressure from my presence.

Since I am not in their presence, they can take their time to evaluate all of their options without being rushed.

In any negotiation you want to be able to make your decision with the same patient deliberation.

Patience

You want to take the time to calculate your offer.

You want to give yourself the time to evaluate the ARV, your photos, & your repair estimate.

You get this time by letting the Seller know that you need to discuss the deal with your partner.

Meow

An attorney I know told me that he always has to check with his partner before making any concessions.

He said whenever he was negotiating over a piece of property he would tell the Seller (or Buyer) that before he could move forward with the offer they had agreed to, he had to run it by his partner.

He says his partner is HIS CAT!!



The truth is that he is not running the deal past his cat looking for approval, but deferring to his partner-even though he himself is the decision maker-gives him time to evaluate the decision and change it before he commits.

Having a partner to clear every concession in the negotiation gives you a position of strength.

It will make more sense after you start making offers.

Chapter 8

Making the Offer

Making the Offer consists of 5 Steps:

1. **Determine the ARV** or After Repaired Value
2. **Estimate the Renovations** necessary to bring the house to marketable condition
3. **Calculate the Offer** depending on whether the house is in a buy & hold neighborhood or flip neighborhood
4. **Present the Offer** to the Seller
5. **Follow Up** until the DEAL is SETTLED

Determining the ARV & Calculating the Renovations is a skill you will build over time. Don't worry though, you can estimate both in the beginning by being cautious- **underestimate the ARV** (go a little low) and **overestimate the renovations** (go a little high).

As you start closing DEALS, speak with investors in your market to understand the costs of renovating a house.

Always ask investors as you show them DEALS,

"How much will this house cost to renovate?"

"Is that a renovation for rental or retail grade finishes?"

"What do you think the total renovation cost will be?"

You'll get a better grasp on rough renovation estimations by talking with the real buyers in your local market.

Once you determine the ARV & renovation cost you are going to Calculate your Offer. Calculate your offer based on the type of neighborhood the house is located.

Use the Retail Flip Purchase Formula for home owner neighborhoods.

Use the Buy & Hold Purchase Formula for landlord, lower priced neighborhoods.

You are actually going to calculate 2 numbers for your offer.

1. Starting Offer Price

2. Maximum Offer Price

You figure out the range of where you want to start negotiations and what the maximum price you can agree before walking away.

Present the Offer with confidence. Presenting Offers is where the rubber meets the road. Remember that in order to do DEALS, you MUST PRESENT OFFERS.

Presenting the offer is all about keeping the communication going between you and the seller.

Follow Up until the DEAL is SETTLED. Many REAL DEALS become REAL DEALS after a few months of phone calls to the Seller after making the initial offer.

The Seller tells you that the house is sold.

End of Story, right? Is it time to move on?

NOT YET. Sold and SETTLED are two very different realities.

Many Sellers will tell you the house is sold when they really mean that the house is under agreement and waiting to settle.

The deal is alive until the seller says they went to closing (settlement).

Many DEALS are done 5-6 months after the first offer. This is why you get a "pipeline" of DEALS working in time as you keep marketing and working DEALS. The longer you stick with the business, the more momentum you will gain.

1. Determine the ARV

The ARV or After-Repaired Value is the amount of money someone will pay on the open market after renovations are completed.

Let's define "After-Repaired"

When you hear people talking about after "repairs" they are really describing TOTAL RENOVATIONS COMPLETED. For a house to be sold at the highest market value-the ARV-the house must be transformed into a PALACE. At least a palace compared to the other houses "For Sale" in the surrounding neighborhood.

Total renovations include new kitchen & bathroom. All new flooring throughout including new hardwood floors, ceramic tile (lower priced rental houses may use vinyl tile flooring).

Many new wholesalers look at houses and think, "this is not too bad, it only needs minor repairs. Someone could live here now, in fact it is better than the house I am living in!!" This is how I thought, because some of the houses were nicer than the house I was living in.

The reality is that the amount of repairs you must complete on a house are dictated by the market.

What did other people do to their houses in the surrounding neighborhood that caused them to be SOLD for the highest ARV number?

The answer to this question will give you an idea of the quality of renovation that you (or your End Buyer) will need to complete on the house in order to **SELL IT FOR THE ARV PRICE.**

Here are My Recent Renovations



When investors renovate Retail Flip DEALS, everything in the house is renovated to the best condition. New kitchens & bathrooms are the minimum.

How to Determine the ARV

What is the After Repaired Value? The after repaired value of a house is the price a retail buyer will pay for the house after all repairs are completed. This number is set based on what comparable houses in the

neighborhood have recently sold for. In the business we refer to these recent sales as "comps."

You Can't Set Records

I remember when I first started in the business and I thought that if you made a property really nice-even over-improved it, that someone would pay much more money than any of the other houses had sold for. I thought you could "set a record" with a REALLY DECKED OUT AND BEAUTIFUL house.

The reality is that almost all Retail Buyers are buying their home using bank financing-a mortgage- and part of the mortgage process is obtaining an appraisal value report from a licensed residential appraiser.

The appraiser has the final say on what a property is worth BEFORE the mortgage company lends their money to the Buyer.

The appraiser uses comps within the last 6 months to give their appraisal value. Because of the 6 month guideline used by appraisers, you will also use comps settled within the previous 6 months. How can you get these comps?

How to Find Comps

Comps or Comparable Sales are the other houses either "For Sale", Pending, or Settled near the DEAL you are working. To determine the ARV you analyze comps.

Depending on the number of houses in the neighborhood, you pull comps in a 1 mile radius. In inner city neighborhoods the value may change on a block by block basis.

The MLS (Multiple Listing Service) is the subscription website that real estate agents have access to. The MLS contains all Active Listings for sale in an area, all houses pending settlement, and all sold & settled transactions.

The MLS is the tool that the pro's use, and it has the most complete data for analyzing a DEAL. This is where the Realtors go to search for the homes for sale in your local market. It is the BEST place for market information such as comps.

If you are going to be in the business long term, you need to develop a relationship with an agent or broker that will "pull comps" for your deals. Not all agents are willing to do this. Agents who are busy with their own business may not have time to send you comps on deals they are not going to make any money on.

It is best to find an agent who is already doing wholesale DEALS. Offer to allow them to attempt to sell your DEALS-and split the fee if they bring a Buyer. They can put your deals on the MLS if there is enough profit to cover commissions & your assignment fee.

Redfin.com is the best resource for free Comparable Sale information. It is the most up to date and easiest to use and includes the most market data available for FREE.

REDFIN Location: **Search Listings** Call: 877-973-3346 [Sign In](#) or [Join Redfin](#)

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3822 BERRY Ave
DREXEL HILL, PA 19026
Status: Sold

\$160,000
Last Sold Price

4 Beds
Built: 1923

1.5 Baths
Lot Size: 2,450 Sq. Ft.

1,520 Sq. Ft.
\$105 / Sq. Ft.
Sold On: Apr 22, 2009

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The **Comparative Market Analysis** or **CMA** as it is known in the real estate community is way of using the recent & current market data to determine the ARV.

The house you are determining the ARV is called the **subject property**. You need to look at houses similar to the subject property when determining the value. Because the house will eventually be appraised by a

licensed appraiser to determine the market value, you should look at the house through the eyes of an appraiser.

Comparable Sales must be comparable houses. You need houses that are a similar size, have the same number of bedrooms, are the same style of construction (ie single detached, twin house, row or townhouse, condo, etc.)

As you fill out the information on the CMA form you will verify that the houses you are considering to figure your value are actually COMPARABLE HOUSES (Similar).

Go print the CMA form now so you can follow along for the rest of this section. Every time you "run comps," take the time to complete the CMA form-especially in the beginning. Your goal in completing the CMA form is to get into the habit of evaluating ALL of the IMPORTANT INFORMATION you should consider when you are determining the ARV.

You will consider and list the following:

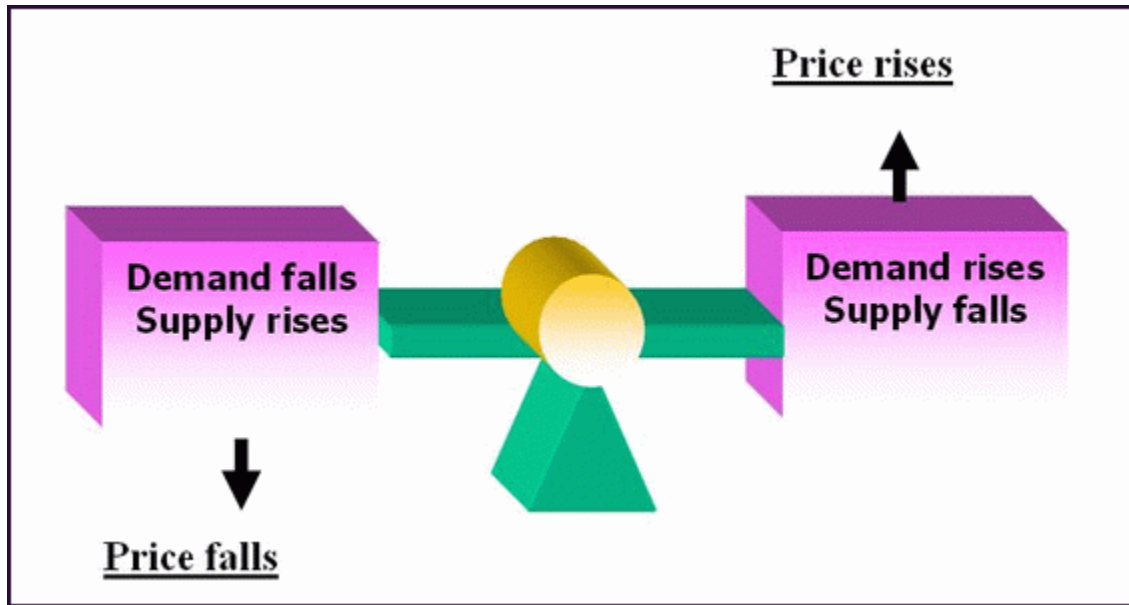
Currently For Sale Properties "For Sale" are your competition. You want to see if there are recently renovated houses currently "For Sale" in the area near your subject property. These houses are your competition.

Are these houses sitting on the market at the price they are asking or selling quick.

If a house is "For Sale" for a certain number, there is no way of knowing whether they will find a buyer willing to pay anywhere near that price. More weight is given to houses Sold in the Past 6 months when determining the ARV.

The number of houses "For Sale" versus the number of houses "Settled" will give you an indication of the supply & demand in a market.

Very little "For Sale" tells you that the houses are bought quickly. Many "For Sale" and very few "Settled" tell you that no one wants to buy houses. The supply & demand affects the price.



Pending Sales Pending Sales are houses that a buyer and seller have agreed to a price, but the sale has not gone to settlement yet. Pending sales are only found in the MLS.

Pending Sales are important because you can see the asking price that the seller listed the house for-and it must have been close to the correct price if someone has agreed to buy it.

Remember that the actual sale price will not be disclosed until after the house has settled.

Sold in the Past 6 Month Houses Sold in the Past 6 Months are the **MOST IMPORTANT COMPARABLE SALE TO DETERMINE ARV**. Appraisers use comparable sales ONLY within the last 6 months and so should you.

In rare cases when there is no other comparable property sold within the last 6 months you may be able to determine ARV using a comp from 9 months or even a year ago, but there may be a problem with the appraiser and obtaining a mortgage for your end buyer.

Expired Listings Expired Listings are usually houses which were "For Sale" and did not sell. They are usually the result of incorrect pricing-too high. Expired listings are important because they give you an indication of prices that were too high-and show you the ceiling in that particular market.

Here are a few criteria appraisers look for (Included on the CMA):

- **Bedrooms (Beds)** Fill in the bedroom count for each property comparable to your subject property.

Make sure the houses you consider have THE SAME NUMBER OF BEDROOMS.

How the Bedrooms Affect the Value: The number of bedrooms and bathrooms should be the same. A 2 bedroom house is worth less than a 3 bedroom house. A four bedroom house is worth more than a 3 bedroom house.

TIP FROM THE PROS-If you ever rehab and retail houses never turn a 3 bedroom house into a 2 bedroom house. The appraiser will CHOP YOUR VALUE and you

will dramatically limit the number of retail buyers who are looking for your house.

- **Bathrooms (Baths)** Fill in the Bathroom count. Powder rooms/half baths are bathrooms that only have a sink & toilet. Bathrooms may be described as 2.5 baths for a house with two full bathrooms and one powder room.

How the Bathrooms Affect the Value: If the subject property has an additional bathroom whereas all other houses in the neighborhood have less, you can assume the value MAY be slightly higher on resale.

Conversely, if the subject property has only one bathroom while every other house has 2 full bathrooms, you can assume that the subject property will sell for a lower price than the other comparable houses in the neighborhood.

Some neighborhoods, the presence of an additional powder room or full bathroom may have little or no effect on the selling price-but an end retail buyer may buy the house because it includes that additional bathroom. Keep in mind that additional bathrooms are going to mean a larger rehab budget.

For example A 3 bedroom 1 bath house may sell for nearly the same price as a 3 bedroom 1 bath house that includes an additional powder room(half bath/toilet & sink)

- **Square Footage (Sq. Ft.) +/- 10 %** Fill in the square footage for each comparable property and the subject property. The appraiser will consider houses that are roughly the same size as the subject property. The rule of thumb is to consider recently

sold houses that are within 10% of the size of your subject property.

Price per Sq. Ft. Divide the sale price by the square footage of a house to determine the Price per Sq. Ft. Add up all 3 for the houses Sold in Past 5 Months. Divide that number by 3 to give you the average price per square foot. You can then multiply the average Price per Sq. Ft. by the square footage of your house to get an estimate of the ARV.

For example A 1,200 square foot house is comparable in size to a house from 1,080 sq. ft. to 1,320 sq. ft. Houses within that size range will normally sell (& appraise) for a similar price as long as the bedroom count is identical.

How the Square Footage Affects the Value:

Larger houses cost more to build and are usually worth more money. Keep in mind that larger houses also cost more to renovate.

- **Price (Price)** Fill in the sold price or asking price for each comparable property. Remember, the selling price usually does not include the Seller Assist.
- **Terms (Terms)** If there are any terms of sale that affect the value, fill them in on the CMA. Terms of sale might include a house that was sold with Seller Financing-meaning the seller held the mortgage for the buyer. A Seller Financed house might be sold at an artificially high price.

Terms of Sale also includes Seller Assist.

Seller Assist Many, but not all, retail transactions in today's market (2014) are going to show Seller's Assist. Seller's Assist is when the Seller assists

the Buyer with their closing costs. They basically give money to the Buyer at closing out of the price of the house to help them close the transaction.

For example A \$100,000 sale price with a \$5,000 Seller assist means that the Seller really only receives \$95,000 for their home.

You need to consider the amounts of Seller's Assist when you analyze comps near your subject property. You End Buyer will consider the Seller's Assist, and you will gain credibility if this was considered in your ARV calculation when you negotiated the deal with the Seller.

- **Days on Market (DOM)** Fill in the DOM if you have access to this data. It is not found on free websites, and only available on the MLS.

DOM or Days on Market is the number of DAYS the house was on MARKET "for sale" before the market produced a buyer. The DOM indicates 2 things.

1. **Hot or Cold Market**-If every house that is put up for sale is sold in 30 days or less, that market is considered a hot market. Conversely, if every house on the market is sitting for 120-180 days before it is sold, the market is cold.

DOM is an indicator of the supply & demand characteristics of the local neighborhood.

2. **Correct Asking Price**-Many houses that are sitting longer than the average DOM are **INCORRECTLY PRICED**. The houses that sit too long are priced too high. Often people price too high for the condition of their house. You can figure

out the average DOM by asking a Realtor in your area.

Although there is no space on the CMA form for the following items, you still need to pay attention to them when you are comparing sales to your subject property.

- **Condition of Comparable Sales** The condition of comparable sales is also a consideration when figuring out the ARV. When you pull comps, look to see if there were any "just rehabbed" investor deals that were sold to retail buyers.

If there was a "just rehabbed" deal that sold & settled, look at the photos and the details of the listing to see the extent of renovations you will need to complete on your subject property in order to sell for that same price.

For example, does the nicest comp have a new bathroom? Does the bathroom have a ceramic tile tub surround? How about a granite sink top?

Does the nicest house have a new kitchen? How about stainless steel appliances & granite counter tops?

Does that nice comp (with the highest value) have Central Air Conditioning?

Are there any other reasons you can see that would cause a buyer to pay more for the comparable property than the subject property?

- **Same School District or City** The appraiser will consider houses within the same school district, township, borough, or city. The value of a house may be drastically different in the next school district.

This is something to watch out for if you are using Zillow comps.

All of these items and more will cause a buyer to pay a higher price and choose that house over a house without the amenities. When you wholesale a house to an End Buyer, they know they are going to have to do all of the items found in the comparable rehabbed home which you chose to base your ARV on.

Develop an eye for seeing things in neighborhoods that would attract buyers or repel them. For example a park across the street might be good while a creek running through the back yard might not be good for people with young children.

Once you have a good idea of the quality of finishes that the neighborhood demands, you are ready to estimate the renovation budget.

2. Estimate Renovations

Estimating renovations is a skill you develop by seeing many houses. The renovation estimate will vary depending on the neighborhood your subject property is located and where in the country you are working.

The numbers I use to estimate the renovation budget:

These numbers are based on a 3-4 bedroom, 2 story house approx. 1,200 sq ft.

These estimates are for flip quality rehab (\$125K-\$300K ARV House) and include granite counters, stainless steel appliances, and ceramic tile floors

\$6,000-\$10,000 Kitchen including Appliances

\$3,000-\$5,000 Full Bathroom with Ceramic tile
Shower

\$5,000-\$10,000 cleanout	Paint, Wall prep, demo, &
\$4,000-\$6,000 throughout	Hardwood Floor & Carpet
\$3,000-\$4,000	Powder Room/Half Bath
\$3,000-\$5,000	Electrical Repairs
\$3,000-\$4,000	Flat Rubber Roof
\$8,000-\$12,000 tear off	Pitched Shingle Roof including

My average renovation cost for a 3 Bed 1.5 Bath House (1,100 sq. ft.) is \$35,000-\$45,000. This is for a property that I am going to fix & flip.

The average rental grade renovation might be half that amount. The renovation numbers vary depending on the neighborhood. The only way to learn the renovation estimates for your area is to get around other investors and ask how much they spend for their renovations.

When you assign deals to your End Buyer/Investors, follow up after the deal is complete and ask how much they spent on renovations. You can see how close (or far) you were with your original guestimate.

The reality is that the budget is impossible to nail right on, and everyone is guessing on the number at the beginning of a deal. Many surprise items will pop up once construction is started.

Put together the best number you can for the renovation estimate and plug it into the following formula, along with your ARV to get your Max Offer Price.

3. Calculate the Offer

Once you have the ARV & a rough renovation estimate, you just plug the numbers into the Retail Flip Purchase Formula:

Retail Flip Purchase Formula

$$65\% \text{ of ARV} - \text{Repairs} = \text{Purchase Price}$$

Multiply the ARV by .65 and subtract the Repairs Estimate

For Example:

A house with an ARV of \$150,000

Repairs/Renovations Needed \$45,000

$\$150,000 (\text{ARV}) \times .65 = \$97,500 - \$45,000 (\text{Repairs}) = \$52,500$
(Max Offer Price)

The Max Offer Price is really the number we want to end up agreeing with the seller as the final Sale Price, so we will start our negotiation slightly less than that amount to give ourselves room to move up-SLIGHTLY.

Start at 60% to 65% of ARV and agree to purchase from the Seller at 65% to 70% of ARV using the formula.

Making Offers on Houses in Rental Neighborhoods

Rental neighborhoods are neighborhoods where the houses are sold at a low enough prices to allow an investor:

1. To buy the house
2. Repair the house
3. Refinance all or most of their money back out of the deal
4. Cash flow each month. Rent is higher than their mortgage payment.

You can find these neighborhoods by looking in your city's newspaper and mapping the available rental houses. They are usually lower priced neighborhoods.

Making an offer on a house in a rental neighborhood is slightly different. You do not use the 65% x ARV-Repairs formula.

When you are making an offer on a house in a rental neighborhood you evaluate the LOWEST COMPARABLE SALES ONLY. Here's the formula:

$$\begin{array}{l} \text{Buy \& Hold Purchase Formula} \\ \text{Low End Comps - Assignment =} \\ \text{Wholesale Purchase Price} \end{array}$$

The lowest comparable sales are usually all cash sales.

Your goal is negotiate a price lower than the other LOW COMPARABLE SALES.

How much lower?

Lower by the amount of your assignment fee.

The average assignment fee on lower priced transactions is \$3,000-\$6,000.

Can you close a \$10,000 assignment on a \$20,000 transaction?

Yes, but the average on most REAL DEALS in the lower price point is a few thousand.

For example, if we have a subject property in a neighborhood where there are:

1. \$22,000 Comp
2. \$20,000 Comp
3. \$23,500 Comp

I would start with an opening offer of \$14,500 and agree at most to \$17,000 or \$18,000 depending on condition.

There is a range for every deal, and the range would differ slightly based on the condition of the subject property in comparison to the comparable sold houses in the surrounding neighborhood.

You can determine the approximate condition of the comps by looking carefully at the photos taken for the listing of those comps.

Keep in mind that you may have to go with a Flat Fee Listing or find an agent to get the same price as the comparable sold properties received. Be sure to build in enough profit to cover commissions.

Knowing Your Desired Outcome

Once you have calculated your Max Offer Price, you should decide where to begin the negotiation. I suggest that you begin somewhat close to the Max Offer Price.

Make a note of your Starting Offer Price and your Max Offer Price

Late in the negotiation you might explain that you always start at what you believe was your "highest & best" offer, but in order to make the deal you will RELUCTANTLY increase your offer price to make a deal.

On average, my starting offer is 5-10% below my Max Offer Price.

Once you have determined your Starting & Max Offer Prices, you are ready to pick up the phone and make your offer.

4. Presenting the Offer:

The first offer price should be lower than the initial offer price to allow some room for negotiation. I start my offer price close to the Max Offer Price I calculated using the formula. My thinking is that I really figured out the price I am willing to pay and will RELUCTANTLY move my price up slightly to make a deal.

In the example below on making the offer we are going to continue to use the numbers in the last example. Remember we calculated a Max Offer Price of \$52,500. I would start this offer at \$48,500.

Here's How to Make the Offer:

Wait 24 hours after you visit the house. Let the Seller sleep on the deal and wonder what offer you might make-if any. The Seller is anxious to receive your offer, and you will be amazed at how many Sellers will call you first thing the next morning. They just can't wait to receive your offer. That is why we wait until the following day to make the offer.

Call the seller the following day and after the initial salutation get right to business. No small talk. Tell the seller:

"I have good news, my partner and I decided to make an offer. We can pay cash, close the deal within 30 days, and buy the house "as-is." The offer is forty eight thousand five hundred dollars." **THEN SHUT UP!!!!!!**

You will be tempted to keep talking after you make the offer. You may want to explain why the offer is low, or any other thing that wants to come out of your mouth.

DON'T SAY A WORD, LET THE SELLER FILL THAT SILENCE.

Negotiating the DEAL

This is where the real negotiation of buying their house begins. Whatever the Seller says will indicate to you the next step in the negotiation. It is so important to SHUT UP after making the offer so that you LISTEN to the Seller and understand which direction the negotiation is going. If you were to keep talking, you may never know that you HAVE A DEAL.

The Seller may ask about the title process.

This is good, it means there is a chance of doing the deal. The deal is going in the direction of settlement.

The Seller may ask if they can call you after they talk with their spouse or brothers, sisters, etc.

This may be good and they may call back. You have maybe 50/50 chance that the deal is going in the right direction. If they say they need to talk it over with

their spouse, ask if they are ok with moving forward with the deal.

The Seller may flat out tell you that that number doesn't work.

Ask them, "What REALISTIC number do you have in mind that DOES work?"

If they say a number back that WILL GET THE DEAL DONE for THEM, you say, "I don't know if I could do that number, but if I could get my partner to agree at that price, DO WE HAVE A DEAL?"

Do We Have a DEAL?

You need to know always where you stand with the Seller. Anytime they give you the indication that you MIGHT have a deal, always get a clear "Yes" or "No" answer to that question.

Do we have a deal? Say that a few times out loud right now.

Do we have a deal?

Do we have a deal?

Do we have a deal?

The key to making a DEAL with a Seller is **COMMUNICATION**. You always have to leave the door open with them for a follow up call.

This means that you always want to have a reason to follow up with the Seller.

For example, if you offer a Seller \$15,000 for their house, and they say they don't know about the offer and

need to talk it over with their spouse, ask them when they will call you back with an answer.

Make them give you a clear time. If they say a couple days, ask them if you will hear back tomorrow or the following day. If they don't call back, follow up.

Negotiating is Like Tennis



In tennis one player sends the ball over the net to the other player. That player then sends the ball back over the net to the original player. The original player

returns the ball again and so on. In a negotiation, the "ball" is the number you are negotiating over.

When you are negotiating for the purchase of a house with a Seller, you want them to give you the first number when you speak with them on the phone for the first time—before you ever see the house. They send "the ball" to you.

Then you see the house and make the offer. You send the "ball" back to them.

Either the Seller accepts your offer or you NEED TO KEEP COMMUNICATING with them to get them to send the "ball" back to you.

You need to get the Seller to give you a REALISTIC number that you can do business.

You try to get them to give you a REALISTIC number which THEY WOULD BE WILLING TO SELL FOR that you can then TAKE BACK TO YOUR PARTNER and see if that number (their number) would work for you (and your partner).

The rhythm of the negotiation usually goes in that same back, forth, back, forth with the Seller until either you both agree on a number, or both walk away from the deal.

5. Follow Up

Often the Seller will give you the impression on the first few phone calls that they will NOT sell for anything close to what you are offering. Once some time goes by the seller comes to face the reality that the TRUE VALUE of their house is probably close the amount you originally offered. Time must pass in order for the Seller to come around again and accept the offer.

THE SELLER WILL FORGET ALL ABOUT YOU AND YOUR OFFER. Unless you follow up consistently and keep "checking in"

with the seller, when they are ready to accept an offer they will end up selling to the next available investor.

The key to success is staying on top of the Seller's mind. Even when they are not returning phone messages, keep calling once a week until they tell you the house is SETTLED. Notice I did NOT say SOLD. A house that is SOLD is a house that is under agreement waiting to SETTLE. The deal is NOT DONE UNTIL IT IS SETTLED.

Many of the deals I complete go under agreement with some other wholesaler who offered a price too high. When they cannot get the deal to settlement, the seller returns my call (FINALLY) and asks me if I'm still interested. 3 weeks later the DEAL is settled and everyone walks away happy.

Sometimes 6 Months

Sometimes we follow up on offers for 6 months before the Seller eventually comes around and decides to accept our offer.

I have worked on some deals for over a year.

Some deals are going to happen fast, with the Seller quickly negotiating with you and agreeing to a deal with a week or less.

Other deals negotiate for weeks or even months before the Seller accepts your offer.

Sometimes it takes a while for Seller to realize that their house is NOT worth what they originally thought.

When you keep following up you are demonstrating your belief in your offer. You are not out trying to lowball people on their houses.

You are going out and finding sellers that need to sell their house to an investor because of condition or some

other situation. You are looking for houses that are NOT retail ready.

The trick to closing the maximum number of deals is following up consistently on EVERY OFFER. I keep all of my daily "To-Do's" in a black leather bound book with every page dedicated to one day's tasks. I can flip back through old books all the way to 2006 and see leads I had worked way back then. For me, this system of hand writing leads always worked better-I am less inclined to look back through multiple computer word documents than I am my paper books.

The point is to develop a follow up system that works for you THEN ACTUALLY DO THE FOLLOWING UP.

Some people will not even return phone calls and messages. Every week they receive a call until they tell me it is SETTLED or they say I CAN BUY.

Once you come to an agreement with the Seller it is time to "go over the paperwork together." "Going over the paperwork" is signing the agreement of sale.

Chapter 9

Signing the Agreement of Sale

Once the Seller has agreed with you on a price, you schedule a time to meet and go over the paperwork. Going over the paperwork means signing the agreement of sale.

LOCKING UP THE DEAL means SIGNING THE AGREEMENT. As soon as you have the signed agreement in hand, you have an **ASSET**. That agreement is **VALUABLE**.

How Valuable is a Signed Piece of Paper?



A Signed Agreement of Sale is an ASSET!

WITHOUT A SIGNED AGREEMENT, YOU HAVE NOTHING

Let me say this another way. **ANYTIME YOU AND THE SELLER AGREE ON PRICE, SIGN THE AGREEMENT OF SALE.**

Until you have a SIGNED AGREEMENT OF SALE, You have NOTHING.

Many newbie wholesalers try to sell houses WITHOUT EVER SIGNING AN AGREEMENT. Some other pro swoops in and signs up the deal without the first newbie ever knowing the deal got done. The newbie makes nothing.

THE SIGNED AGREEMENT OF SALE IS WHAT YOU WILL ASSIGN IN EXCHANGE FOR YOUR PROFIT-YOUR ASSIGNMENT FEE.

Download the Bonus Pack now and open the Agreement of Sale document to follow along with this section.

BONUS ITEM-Go Claim Your **FREE Agreement of Sale** in the **BONUS PACK** by going to www.WholesaleRealEstateMaster.com
(Your Password is **WholesaleMaster**)

Preparing the Agreement of Sale

Preparing the agreement of sale is pretty straightforward. Many new investors fear doing the paperwork. You have nothing to worry about.

I remember on my first deal I had a "fill in the blank" agreement of sale that I bought from Staples on the way to negotiate the deal. When the Seller accepted, I realized I had never filled out an agreement of sale before. Nevertheless, I got the job done and got paid.

Even though I had never done that before and I was a little nervous, there really was nothing to fear.

Remember, the Seller thinks you are the expert.

You're the one "Buying Houses" and you should give the Seller a confident feeling that the deal is going in the right direction-toward the Settlement table.

Here's How to Prepare the Agreement

The items you need to change on the agreement of sale in the **Bonus Pack** are highlighted in yellow.

1. Change the information in the downloaded word document Agreement of Sale (AOS) to reflect the Sellers' name as the Seller. All names on deed must appear on the agreement of sale in order to be legally enforceable, unless they are deceased. If all the names on deed are deceased and you are buying the property from the heirs, put "The Estate of [the last living owner's name]" as the Seller.
2. Replace your name or company name as the Buyer.
3. Insert the entire address in as the legal description.
4. If you have it, put the parcel or tax ID number in the Folio number section. This number can be found on the county's tax record website. If you cannot find this information, don't worry about-it is not necessary. The contract is legally enforceable with the address only.
5. Purchase price is the total purchase price
6. Cash deposit amount which you should deposit at the title company or closing agent who will handle your settlement. This cash deposit is all that is at risk if the deal does not close. The seller may only come after you to pay them the cash deposit if you do not close the deal. Most Sellers never ask for the deposit if the deal doesn't close, but beware that the amount is at risk.

How much do you put as the cash deposit? I put \$500 on my agreements because I am going to close the deal no matter what. You can put \$10 on the agreement and just

give the Seller a \$10 bill when you sign the agreement instead of placing that amount at the title company.

Why do I risk \$500 you wonder?

There are a TON of Wholesalers in the Philadelphia market where I invest.

We are often competing for the same deal. I write \$500 as the deposit amount and explain to the Seller that I am so confident in my ability to close the deal that I am willing to risk that amount.

I have been reviewed by attorneys on some VERY GOOD deals and I was glad my deposit amount was \$500. Otherwise the attorney may have questioned my ability to close the deal.

The choice is yours. \$1 is the minimum; you can place the entire purchase price as the deposit. The deposit is the amount you risk if YOU do not close.

You get the deposit back if the Seller cannot close because of title or some other reason.

7. You also write in an acceptance date. The agreement must be signed, or accepted, by both the Buyer & Seller(s) by the date you place on the agreement. If going to sign the agreement in person, use that date as the acceptance date. If you need to send the agreement via fax or email to another state, use your judgment and choose a date a few days out.
8. You choose the closing date. I always tell the Seller that we close our deals in "30 days or less" and then I choose a date about 35 days out as my closing date. Sometimes title issues take a little longer than expect. Sometimes finding a buyer takes a little longer than expected.

Either way, no one ever counts the days as you are signing the agreement with them, so it is better to buy a little extra time.

Those are the only items you need to change on the word doc AOS to prepare for your meeting with the Seller.

In the following section we will cover in plain English each section of the agreement of sale.

This next section is here for your own knowledge ONLY; you never need to explain this to the Seller. You are not their Realtor or Attorney. You are buying the house and your goal is to get the AOS signed, not educate them on each clause of the agreement

In a later section we will go over How to Cover the Agreement with the Seller.

NOTE: Please have an attorney review the agreement you download in the Bonus Pack to be sure you understand what you are presenting and agreeing to when doing REAL DEALS.

The Entire Agreement of Sale Explained

For your own knowledge, we are going to cover the ENTIRE agreement of sale in this section. In a following section we will cover EXACTLY how to go over the agreement of sale with the Seller. When you go over the agreement with a Seller, you are only going to explain the sections of the agreement that are important-TO YOU!!

When selling a property (real estate) the parties (buyer & seller) must complete a written agreement of sale (contract). To be legal, an agreement of sale must contain:

1. **Names of all Sellers** (every person on deed must be listed) and **Buyer(s)** .
2. **Legal description of the real estate being transferred (sold)** . The complete address is sufficient legal description, but may sometimes contain the APN, or Assessor's Parcel Number (County specific tax ID number unique to that property), or in some cases may include the full legal description which can be found on your deed. Deeds are public record-all deeds are recorded at the local county court house and available for the public's inspection.
3. **Purchase Price & Terms of Sale.** The agreement must define the sale price, and how the price will be paid. Most deals with investors are cash deals, meaning the Seller receives their full cash proceeds on the settlement date. Cash is dispersed by the title company as a company check. There must be some consideration listed on the agreement (**Earnest Money Deposit**) .
4. **Time for Acceptance & Settlement Date.** The agreement must have a start date and an end date to be a legal contract. The start date is the date of the last signature-either the buyer or seller. The settlement date is the date the agreement is set to complete. The settlement date is defined and agreed upon by both the seller and the buyer.
5. **Acceptance of Agreement (Signatures of Buyer(s) & Seller(s))** . An agreement must contain the signatures of both the buyer and all sellers on deed. In certain situations an Attorney in fact may sign, or remaining parties (in the event that one person on deed has passed) may sign.

The following paragraphs correspond to the paragraph numbers listed on the "Agreement of Sale" found in the bonus pack. Go print the agreement now so you can follow along with this section.

BONUS ITEM-Go Claim Your **FREE Agreement of Sale** in the **BONUS PACK** by going to www.WholesaleRealEstateMaster.com
(Your Password is **WholesaleMaster**)

The first line in the agreement, labeled **PARTIES**, defines the **Buyer** and **Seller**. The area in labeled **[SELLER(S) NAME(S)]** must list the name or names of EVERYONE who is listed on the deed. The area labeled **[BUYER(S) NAME(S)]** must list the name(s) of the buyer.

I. DESCRIPTION:

This section provides the legal description of the real estate being transferred (sold).

II. PURCHASE PRICE:

This section fulfills the third requirement of a legal agreement of sale and defines both the purchase price and how that price is to be paid.

The hand money may be given to the Seller in person upon signing the agreement, or deposited with an escrow agent (title company) and will be applied to the total purchase price. The amount of the hand money is determined by the buyer.

Whenever a Buyer backs out of a deal, the seller is legally entitled to keep the hand money.

III. TIME FOR ACCEPTANCE AND EFFECTIVE DATE:

This section along with section IV fulfills the requirements of a legal agreement of sale to define the time for acceptance and settlement date. When are present with an agreement to a seller, there will be an "acceptance date" listed in the area **[ACCEPTANCE OF OFFER DATE]**.

The agreement must be signed by both parties on or before the acceptance date in order to be legally binding.

IV. CLOSING DATE:

This date defines the closing date or settlement date. Settlement may occur sooner than this date if everyone agrees and the title company is ready. On the settlement date, the Seller(s) and Buyer(s) will meet at the settlement company and sign paperwork including deed, HUD 1, and other necessary documents required by the title company.

V. RESTRICTIONS, EASEMENTS, LIMITATIONS: This section defines the Buyer agreeing to receive the deed with common restrictions and to pay taxes from the sale date going forward.

Many deeds contain restrictions as to what may be done with the property (in our case-having a house on the property-is residential zoning), utility easements (permanent permission for utilities to cross specific areas of the property), or other unique restrictions which may be included in the deed.

VI. OCCUPANCY:

This section defines the fact that the Buyer will be given occupancy to the house being purchased. This means that no one is staying in the house past the date of settlement.

In certain cases, when the Seller may need a few extra days to finish moving out, that additional time would be described here in the OCCUPANCY section.

VII. ASSIGNABLE:

This section allows the Buyer to assign their position to another Buyer. For example, when I am buying a property, I use my name on the agreement of sale, Daniel Breslin, as the Buyer, and/or assigns.

How to describe the "assignment clause" to a Seller, if asked:

"When I purchase a house, I use a holding company (either LLC or corporation), depending on the way we structure the funding for each house. Rather than complete a new agreement of sale, I "assign" my rights & responsibility as Buyer to the holding company."

Reassure the Seller that **"This "assignment" does NOT change any part of the agreement or numbers of the transaction. Everything in the agreement of sale stays the same except the Buyer."**

VIII. TYPEWRITTEN OR HANDWRITTEN PROVISIONS:

This section defines the fact that anything handwritten on the agreement or in addition to this agreement will control the agreement. Any changes made must be approved and initialed or signed by both the Buyer and Seller.

For example, an 'addendum' or additional page to the agreement is necessary if the Buyer and Seller agree to extend the closing date, and this addendum changes only the closing date. All other terms of the original agreement stay in place.

IX. EVIDENCE OF TITLE:

This section defines the Buyer as responsible to **order the title within 5 days of signing the agreement.** On average, title takes about 10-15 business days.

X. LIENS:

This section defines the fact that the Seller will sign an affidavit stating that there are no pending liens or judgments pending against the property. The title company will prepare this affidavit, if it is necessary.

XI. PLACE OF CLOSING:

In this section you may list the county where closing will take place. Don't put the name of the title company on the agreement.

You don't want sellers calling and harassing your title company every day with questions about when the deal is going to close. You'd rather stay in control of the flow of information.

If the seller asks where the closing will take place, you can verbally give them the information, but don't include it on the agreement.

XII. TIME:

Time is of the essence. This entire agreement must take place in a timely fashion. When there are time periods involved, as in the 5 day requirement to order title (Paragraph IX), Saturday, Sunday, and legal holidays will not be counted when adding up the days.

XIII. DOCUMENTS FOR CLOSING:

Certain documents may be required for settlement such as death certificates, wills, probate paperwork provided by the estate attorney etc. Any person signing paperwork at settlement will be required to show a valid state issued ID card.

The other items described in this paragraph will be prepared by the title company for the Seller to sign at closing (deed, closing statement, mechanic's lien affidavit, assignments of leases, and any corrective instruments that may be required).

XIV. EXPENSES:

This section defines who will pay for certain **recording** fees ("**Recording**" means that a document is filed at the court house to form a permanent public "**record.**") that are sometimes due to the county where the house is located. For example, if there is a mortgage that the Seller has on the property which will be paid off at settlement, there is a small fee to record the "**mortgage satisfaction**" (Document proving the **mortgage** is **PAID OFF**. This is recorded at the county court house to release the mortgage from the property).

XV. PRORATION OF TAXES:

This section defines the way the property taxes will be prorated for the year which the closing takes place. The taxes, which are paid in advance by the Seller, will be refunded at the closing for the days remaining in the year which the Seller will no longer own the property.

XVI. RISK OF LOSS:

This section defines the Buyer having the option of cancelling this agreement in the event of a fire or other damage to the property which costs more than 3% of the total assessed value of the property. This is the reason to keep the house insured until the day of settlement.

XVII. MAINTENANCE:

This section defines the Seller as responsible for maintaining the house until settlement. Maintenance includes landscaping, snow shoveled, etc.

XVIII. PROCEEDS OF SALE AND CLOSING PROCEDURE:

This section defines the way the closing will take place. Money will be issued by check on the day of the closing and the deed will pass during that same time.

XIX. ESCROW: This section instructs the escrow company to handle the money according to this agreement of sale. The escrow company is the Title Company, closing company, or attorney, which is also where the closing happens.

Escrow is the term for an account where money is held to be transferred separate from the Buyer & Seller's control. Think of escrow as a neutral, third person that just holds the money until we agree on how to pay it out. The term

closing comes from "the closing of escrow," where the deed is transferred, all paperwork signed, and where you and the Seller, receive your money. The buyer will receive the deed at closing.

XX. ATTORNEY FEES AND COSTS:

This section states that if there were a dispute over this agreement, and the dispute ends up going to court, that attorney fees may be sought by the prevailing party.

XXI. DEFAULT BY SELLER:

This section states that if the Seller fails to sell the property, the Buyer may, at their option, take the dispute to court and ask for a judge to force the sale.

XXII. DEFAULT BY BUYER:

This section states that if the Buyer fails to purchase the property, then the Seller receives the earnest money deposit to keep. This section is included in all agreements of sale used by real estate investors and agents alike.

This is known as a "**liquidated damages**" clause. The Seller may retain as "liquidated damages" the earnest money deposit for the Buyer failing to uphold their end of the agreement.

XXIII. PERSONS BOUND:

This section states that the agreement will survive death. In the event that a seller or buyer was to die before the closing, this agreement of sale will still stand. The

survivors will carry on the agreement and close the transaction.

XXIV. CONVEYANCE:

This section defines the type of deed which will be prepared by the title company and signed over to the Buyer by the Seller.

XXV. PENDING LITIGATION:

This section defines the Seller as agreeing that there is no legal action (lawsuit) in process or being filed against the property which would prevent the sale. Examples of court action which could prevent a sale would be a lawsuit, bankruptcy, foreclosure, tax sale, divorce, etc.

XXVI. OTHER AGREEMENTS:

This section defines that any agreement between the Buyer and Seller must be written into the agreement.

XXVII. REASONABLE ACCESS:

This section allows the Buyer to show the property before closing. Because our contractors will begin construction immediately after closing, we need access before the closing to arrange our bids, get measurements, etc. If you are going to assign the property to another End Buyer, it will be SO MUCH EASIER if you have access to the property in order to conduct your showings.

XXVIII. CONDITION OF IMPROVEMENTS:

This agreement is to buy the property "As Is," because I purchase houses that need repairs. The Buyer is responsible to obtain the U & O.

a. The U & O is the Use & Occupancy permit which some townships require BEFORE the property can go to closing. In some areas this is known as a "Resale Certificate." To receive the U & O, the local code enforcement officers must inspect the house. The local townships may require many repairs be made in order to sell.

The U & O or resale certificate varies depending on where the subject property is located. Check with the local zoning officials for the rules on each deal you do. Beware that some localities require the U & O to be issued PRIOR to settlement and may fine the Buyer if they settle the property BEFORE applying for the U & O.

Signatures

At the bottom of the agreement both the Seller(s) and Buyer(s) must sign and date in order to have a legally binding agreement. We will cover the best way to explain the agreement when signing IN PERSON.

Always Sign in Person

If it is at all possible GO SIGN THE AGREEMENT IN PERSON. Many Sellers will tell you to "send over the agreement so I can take a look at it."

Not a chance. Ask them again, "Do we have a deal?" And insist on meeting them in person to go over the agreement together.

If you send the agreement via email or fax you have a 50/50 chance of ever getting the deal signed up.

When you send the agreement of sale instead of physically meeting to get it signed, any number of DEAL KILLING circumstances may occur.

The Seller may reconsider and shop your offer. Your written offer.

The Seller may talk with family about the offer and get talked out of doing the deal with you.

The Seller may second guess themselves or get a physic reading or whatever that causes them to NOT SIGN AND SEND back the agreement.

The Seller may also send the agreement back signed as promised.

I don't chance it myself, unless impossible, I'm signing in person.

How to Sign the Agreement with the Seller

When you meet with the Seller to go over the paperwork remember that your goal is to **GET THE AGREEMENT SIGNED**.

Print 2 copies before you go to meet them. You give one copy for them to keep and you keep the other.

You only cover the important items-TO YOU!

You are not the Sellers' attorney or real estate agent and it is not your job to go over every detail of the agreement.

You cover a few sections that have important information TO YOU:

1. Point out the Sellers & Buyers names, and ask if the spelling is correct.

2. Point out the address and ask if it appears correctly.
3. Point out the sale price and deposit amounts. Then show them how the amount shown in Section (II b) is the purchase price minus the deposit amount. This amount tends to confuse many sellers.
4. Show them the acceptance date, which is usually that day's date.
5. Point out the closing date you choose. If they ask why it is so long (usually selected by you about 35 days out), tell them that the title report may take 2 weeks or so and often there may be documents necessary to clear that title report.

You can also add that you often close your deals ahead of the scheduled settlement date, but want to make sure there is plenty of time to clear title. Most sellers have no problem with this. In the real estate world, 30-35 day closings are *FAST*.

6. At this point I flip the agreement to the last page as I mumble, "Most of this is standard contract fodder that my attorney wrote for me years ago."
7. I resume my explanation at Section XXV and ask if there is any litigation pending that I need to know about—foreclosure, divorce, bankruptcy, etc. Most sellers either have already told you if this is the case or tell you that nothing like that is pending.
8. Explain Section XXVI like this. Jokingly ask the seller if they have already signed any agreements to sell the house before this one. Most say "No." And I add that it is legal to only sign one.

Believe it or not, I've had more than one Seller attempt to try and sell the house to someone else for more money while I had a signed agreement. By covering

this section this way, the Seller will be less likely to attempt those shenanigans.

9. Section XXVII Reasonable Access-Read this section aloud to the Seller as you place a lockbox on the table and ask for a key to the property. Tell them this is standard procedure so that you can send a few contractors through the property before settlement.

Some Sellers push back, but most are willing to give you the key. Tell them it is a matter of convenience for them to not have to run over to the property many times prior to settlement.

10. Read the last section aloud to the Seller and emphasize the word "AS-IS." It is like music to the Seller's ears and probably the most important thing they want to hear. They called you in the first place because they wanted a quick, "as-is" sale. So don't disappoint them.

Some sellers will hear, "Property will be delivered broom swept" and be glad to clean the property out.

Other sellers will complain when they hear that. If they complain, cross out those words only and initial next to the change.

11. You sign both copies in front of the Seller and immediately turn the agreement around and hand them the pen. Wait for them to sign both copies and give them one and you keep one.

At this point, when you are in person ready to sign the agreement, some Sellers will hesitate. They will get cold feet and ask to hold the agreement to have someone "look it over."

WARNING-You have a less than 50/50 chance of ever getting the DEAL if you allow the "look over."

Here's how to handle that objection:

How to Handle The "Attorney Objection"

When the seller is accepting your offer, but says, "I want to have my attorney review the agreement before I sign"

This often comes up after the negotiation when you are completing the agreement of sale. The seller tells you they want their attorney (or some other person they consider their wise advisor) look over the agreement.

I have made the mistake of providing the seller with the agreement, unsigned, for their attorney to review. Sometimes the deal goes through anyway, but in a recent experience, the Seller used my written agreement to shop the offer and accept another offer without giving me the chance to counter.

When you get to the point in the deal where the Seller is accepting your offer, either right in person or over the phone, it is the time to complete the agreement of sale. If you are present with the Seller when they accept the offer, immediately begin filling out the agreement of sale (you should always have at least 2 fill in the blank agreements with you-ALWAYS).

If the Seller is accepting your offer over the phone, immediately make an appointment to "Go over the paperwork." Tell the Seller that you will meet them and give them a copy of the agreement in person.

Prepare an agreement of sale and **include** the following clause at the end near the signature section: (If you already have an agreement prepared, **HAND WRITE** the following clause below the signatures. You and the Seller both initial next to the hand written clause)

SUBJECT TO: This agreement subject to attorney review. Seller shall hire an attorney of their choosing and at their sole cost & expense to review this agreement

within 3 days of signing. Seller shall immediately notify Buyer of any changes in this agreement requested by their attorney. After 3 days expire, this agreement shall be considered accepted & binding by Buyer & Seller.

As you are "going over the paperwork" with your Seller, you assume that you are both signing during this meeting. Right before you sign the agreement read the clause above, then immediately sign your name, turn the agreement around to them, hand them your pen, and point to the line where they should sign. Once they read that clause, they should be comfortable signing now and having their attorney review later.

Once you overcome their hesitation and have them sign the agreement, most sellers will not incur the additional cost of hiring an attorney. Even if they do, most attorneys will not ask their client to rescind a signed agreement, but rather may suggest a few minor changes to justify their fees.

On the other hand, an attorney reviewing an unsigned agreement may evaluate your offer & the deal and decide that their client might be better off signing another agreement (with an investor friend of the attorney) instead of yours.

Remember "Always Lock Up the DEAL!" (or Someone Else Will)

Chapter 10

Finding the End Buyer

Once you have the signed agreement of sale you are halfway through the DEAL.

Now you need to get the DEAL to the goal line-or rather the Settlement table.

The 6 Steps to Get to Settlement:

1. Order Title
2. Advertise the DEAL
3. Negotiate the DEAL
4. Paperwork with End Buyer
5. Notify Title Company: New Buyer
6. Attend Closing & Collect a Check

1. Order Title

Right after you sign the agreement-even before you start looking for a buyer-you begin the title process.

You want to get the ball rolling immediately so that as soon as you find your End Buyer you can go to settlement.

Title Process

The reason you order title immediately after signing the agreement is because the title process takes 10-14 days or longer. The time to clear title depends upon what "clouds" need to be cleared before settlement.

"Clouds" are items attached legally to the deed of the property which would prevent the next buyer from receiving clear and marketable title. When you hear people in the business refer to "clear title" they mean the title is "clear" of any clouds.

"Clouds" on title include mortgage satisfaction documents, death certificates, estate paperwork and many other different situations. The title process is work done by the Title Company or attorney closing your deal.

You don't need to know everything about the title process in order to close deals.

The Title Company or attorney will tell you what you need from the Seller to clear the title. Every title is unique and might require certain items in order to clear title and close the deal. Once the title is clear to close, you can schedule the settlement anytime (the End Buyer must also be ready with their money)

The "Clouds" are Cleared



We Can Go to Settlement!!

Depending upon the state you live, you may have a slightly different title process in order to close your deal.

In Pennsylvania we close our deals either at title companies or with attorneys. More often we close our deals at the title company.

You can ask other investors in your market about the closing process where you live.

Although it will take a few days or even a few weeks to find the End Buyer for your deal, you want the title process going from the very start. That way once you find your End Buyer you can go to settlement immediately-even before the contract expires.

Investor Friendly Title Company

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www.AtomicBuyer.com

Not all closing companies, attorneys, or title companies are comfortable working with investors doing wholesale deals.

Many title companies in Pennsylvania don't understand the process of assigning a contract and refuse to close the deal.

Find an investor friendly title company in your area by asking other investors and wholesalers who they use.

You can find other investors and wholesalers by attending the local Real Estate Investor Associations. To find local Real Estate Investor Associations, go to Meetup.com or REIclub.com and search in your area.

2. Advertise the DEAL

Although a REAL DEAL will attract a Buyer based on the discount you have negotiated, you must still expose the DEAL to as many potential Buyers as possible.

As soon as you have a DEAL "locked up" (signed agreement with Seller) it is time to get the DEAL SOLD!!

You are now racing against the clock to find a Buyer. You have until the settlement date on your original agreement to find a Buyer willing to pay your agreed price with the seller PLUS your assignment fee.

Selling Real Estate is ALL ABOUT EXPOSURE to the market.

When more eyeballs see your property you have a higher the chance of selling the property. Because you are racing against the clock (the average closing window is 33 days), you need to get your DEAL in front of as many people as possible **QUICKLY!!**

BEWARE: There are a TON of Wholesalers in the market who will TRY TO WHOLESALING YOUR WHOLESALING DEAL!!

The wholesalers will say they are a cash buyer and say they can close quickly, but they may not ACTUALLY BE A BUYER.

Do You Want to Know How to Weed Out the Wholesalers?

When a Buyer calls about your DEAL, ask them a few questions before you give them the lockbox code or schedule a showing:

"Can you tell me about your last deal?"

Most Real Estate Investors are somewhat egotistical and like to brag about their great deals. A REAL BUYER will tell you about their last deal without hesitation because they ACTUALLY BOUGHT A HOUSE BEFORE.

A wholesaler or newbie investor will stumble on their words a bit and then either confesses that this will be their first deal or lie and make up vague details about a deal they have never done.

After you ask this question a few times, you will have an instant gut feeling as to whether the person you are speaking with is a REAL Buyer or not.

Time is valuable, and as an investor it is our most limited resource. Invest your time wisely. Always ask your buyers these questions before wasting time showing the property only to find out you've been duped into believing you had a buyer on the line when you only had a newbie investor trying to wholesale your wholesale deal.

How to Advertise Your DEAL:

- **Buyer's List-**

Every wholesaler continuously builds a "Buyer's List." I maintain a list of emails in MailChimp.com, a free email management program. I keep first & last names, emails, & phone numbers in my MailChimp.com list database.

If you have a website, you can build a special page and include an embedded form from MailChimp.com to automatically collect Buyer's List info. See my example site at www.PhiladelphiaWholesaleDeals.com

When I have a DEAL "For Sale" I send the deal out to my Buyer's List.

NOTE: I never send the exact address in the email blast. I send the hundred block and street name along with a photo of the inside of the property, description of property & repairs, and the price of the deal including my assignment fee.

Example: 5833 Willows Avenue is sent in the email as 55XX Willows Avenue.

I want to receive PHONE CALLS from anyone interested in my DEAL so I at least have knowledge of the people who know the exact address of the deal.

I do this to stop unscrupulous investors from going around me and attempting to contact the owner directly and make a deal without my knowledge.

I also do this to stop any attempted vandalism of my DEAL by anyone who may have joined my list. Eventually you will build a list of 1000 people or more and it is difficult to know whether everyone on that list can be trusted.

- **Craigslist**

Post ads on Craigslist.com to build your buyer's list and sell your DEAL.

Again, beware of the wholesalers out there on Craigslist trying to wholesale your wholesale DEAL.

I have sold a TON of DEALS using Craigslist and built most of my buyers list. Craigslist produces great results in most markets.

Here are a few tips for posting your ad:

Attention Grabbing Posting Titles. Write a catchy headline in the posting title & use the "specific location" area for additional marketing message. I usually write "INVESTOR'S SPECIAL" in the "specific location" area. I also add "JOIN BUYER'S LIST" in the headline.

The idea with your headline is to **GET THE ATTENTION OF INVESTORS**. You can add the actual specific location within the ad body, as it will appear in search results for their location, if they use the search function.

I'd rather have someone click on my ad and read it AND THEN decide that the house is not in the right location-I want them to check out my photos and give me a chance at convincing them that they might want to live in my house for sale. **Questions are GREAT attention grabbers**, along with a **combination of lower & UPPER CASE letters**.

If no one ever clicks on your ad, you are not effectively marketing your property.

Renew ads every 48 hours. People searching on Craigslist rarely go beyond the first page or two of listings. Keep your ad fresh and relevant.

Post 2 ads for each property, one day apart. The idea is that you can renew the one you wrote on Monday first thing Wednesday morning, and renew the second ad that you wrote on Tuesday on Thursday morning. That way you always have an ad for each property in the current days postings. You keep renewing the ad from the previous two days.

Phone number. Always include your phone number in the ad.

Pictures. Don't even bother putting up an ad without photos.

For the record, I did sell my first deal ever (back in 2006-when the market was hot) without photos, but these days the ads without photos get **NO TRAFFIC**. People LOVE looking at photos (Think Facebook or Instagram).

Timing. Try to post your ad when people are going to be on the site. I find that first thing in the morning (5:00 am-6:00 am) and in the evening (6:00 pm - 10:00 pm) are effective times. The weekend produces better home shopping traffic than the weekdays.

Less is More. I usually write my ads in one sentence paragraphs with double spaces. (like this)

Doing this makes it easier for the brain-with its short attention span-to read my ads.

It is easier on the eyes for the searcher-they really just want to see photos anyway.

I keep my ads to 14 sentences or less.

Link to Your Website In my Craigslist ad I include the link to my website. Craigslist has restricted the link in the ad and it is no longer clickable, so I include the link as shown below:

(COPY & PASTE LINK INTO BROWSER)
www.PhiladelphiaWholesaleDeals.com
(COPY & PASTE LINK INTO BROWSER)

I put it in the ad exactly as shown above, to GET ATTENTION!!

- **MLS Flat Fee Listing**

You can list your deal on the MLS-the Multiple Listing Service-that the real estate agents use to buy & sell houses. This can be a great way to sell your deal quickly because you are exposing the property to the entire professional real estate community.

It is known as a "Flat Fee Listing" because you typically pay \$300-\$500 flat to a broker to place your deal into the MLS. When the property sells you do not have to pay the Selling agent's commission.

You do have to pay the Buyer's agent commission, so keep in mind the additional cost of that commission must come out of the assignment fee portion of your agreement.

The challenges with using the MLS Flat Fee to sell your deal is that you are the one who will write the listing and negotiate with the Buyer's agent who brings you the buyer. Many agents don't understand wholesaling & assignment contracts and educating them on the way the deal must be structured can be difficult.

Until you become experienced and understand the different aspects of using the MLS and closing many deals, it is best to use other ways of selling your deal.

In my experience, the MLS often produces better qualified buyers (REAL buyers) and slightly higher offers than buyers from other sources like Craigslist & my Buyers list.

NOTE: Using the MLS to sell a deal is usually only possible if the property is vacant and on lockbox. Real Estate agents expect easy access to show your deal to their buyer clients.

- **Internet Sites like Trulia & Zillow**

You can use Postlets.com to post your deal simultaneously to Trulia & Zillow along with many other similar sites.

The trick to marketing your DEAL is to put it as many places as possible as fast as you can.

BONUS ITEM-Go Claim Your **Quick Reference Guide-Finding Your End Buyer** at www.WholesaleRealEstateMaster.com
(Your Password is **WholesaleMaster**)

In your Bonus Pack you will find 3 quick reference guides for doing DEALS. Print them out and keep them handy for the most critical actions for DOING DEALS.

Ask EVERY Buyer to Make an Offer

Follow up with every Buyer that goes through your property and ask them what they will pay for the property. Many

would-be Buyers out there in the market have trouble making a decision whether to buy or not.

Ask them to make an offer.

The Only Two Reasons a Buyer Will NOT Buy:

1. The property is wrong and no price will make the deal.
2. The property is acceptable and the price is not.

Obviously if your Buyer feels that the property is unacceptable because of location or condition or some other reason, then there is no deal. If the property is wrong for some reason, you cannot fix that situation.

On the other hand if the property is acceptable, but the price is not, you may be able to fix that issue. You need to know what the market will pay for the deal you are working.

Sometimes when you ask the investor what they will pay, you find out that you can accept their offer AND make a profit without any renegotiation with the seller.

Other times you will have several Buyers go through, and a few make offers. The problem is that the offers they make are too low for you to accept. Their offers are even lower than your signed agreement with the seller.

When you find yourself in this situation you can try and renegotiate with the seller with the reason that your partners had gone through the deal and are only willing to fund the deal at the new purchase price. You have a 50/50 chance that the deal stays together.

Check With Your Partner Again



When a Buyer makes an offer, you want to play the "check with my partner and call you back" routine once again.

Before you accept ANY offer or make ANY counter-offer to an End Buyer, tell that End Buyer,

"I don't know if that is going to get the deal done, but let me check with my partner and get back to you shortly."

The idea is that you don't want to accept anything or make any counter offers before you think through all of your options.

When selling the deal to the end buyer, you are negotiating once again. Only this time you are the motivated seller who has only 30 days to get the Buyer and the deal to settlement.

Play it cool. You can always go back to the Buyer and say, "My partner said that your offer of \$XX,XXX was too low, however we can make the deal at \$YY,YYY."

The only time to considering agreeing immediately is when the End Buyer tells you that it is a done deal at your full asking price.

Once you have agreed with your End Buyer on price you write up the assignment.

Completing the Assignment Paperwork with Your Buyer

Note that at no time while you are negotiating with the End Buyer do you reveal your contract price or the amount of your assignment.

After the End Buyer agrees to the price with you, you meet them to sign the assignment & collect a deposit check.

Prepare the Assignment

Go download & print the assignment in your **BONUS PACK**.

BONUS ITEM-Go Claim Your **FREE Assignment** in the **BONUS PACK** by going to www.WholesaleRealEstateMaster.com
(Your Password is **WholesaleMaster**)

Complete the assignment by replacing the information in the **[BRACKETS]** to match the information on the original agreement of sale you completed with the Seller.

Your assignment fee amount is the End Buyer Price minus the Original Purchase Price. You write in your assignment fee in section 1. Your name or company name is the original buyer.

For example, if the End Buyer agrees to pay \$15,000 for the property, and your signed agreement of sale with the Seller is for \$10,000, then your assignment fee is \$5,000.

You are going to collect a deposit check from the End Buyer when you meet to sign the agreement. \$1,000 check made out to the title company or attorney where you will close the deal is usually enough.

If you are doing a higher dollar transaction, a higher deposit amount is usually given. Deposits are usually 1 % of the total sale price or a minimum of \$1,000.

Print 2 copies of the assignment & make a copy of the original agreement of sale. Schedule a time with the End Buyer to meet and complete the paperwork. Let the End Buyer know to bring the deposit check made out to the title company of your choosing.

Collect Deposit & Signed Assignment from End Buyer

Deposit Check In the Real Estate business, talk is cheap. People will say they want to buy a property. They will even get you to believe that they are going to buy it.

Don't consider ANY deal SOLD until YOU HAVE A DEPOSIT.

\$1,000 deposit is the minimum amount to accept on a deal.

When a Buyer is serious about closing a deal they have no problem placing a sizable deposit in escrow. This is standard operating procedure for real estate investors. When a good deal is on the table, a REAL BUYER will do whatever is necessary to LOCK IT UP.

Standard operating procedure in the Real Estate business also dictates that the Buyer chooses the title company. Remember that you were the original Buyer on the deal, so you were the one that ordered title.

Every so often an ego-maniac Buyer (there are a few unique characters in the business-some quite successful) insists on closing at their own title company. They will tell you that the Buyer always chooses the title company.

If this happens to you, you have two choices. Either tell them to close at your title company or they are not getting the deal OR you allow them to close your deal at their title company.

If you have a HOT DEAL with multiple buyers lined up, it is easier to tell them to hit the highway.

If they are the ONLY BUYER for your deal, you may decide it is best to allow them to close where they wish.

Always try to close with your title company, as you can control the flow of information and better control the deal.

Signing the Assignment

Bring 2 copies of the assignment & a copy of the original agreement of sale with you to meet the End Buyer.

Go over the entire assignment line by line with the End Buyer.

Read each line aloud and explain any items they don't understand.

The most important items are:

1. The closing date.
2. The assignment amount & original sale price.
3. The deposit money amount & collecting the deposit check.
4. Line number 4: The assignee (End Buyer) is agreeing to pay you the assignment fee EVEN IF they decide not to buy the property. Make sure they understand this line and agree.

If your End Buyer is not going to close the deal, they may have an issue agreeing to this clause.

If your End Buyer intends on closing the deal no matter what, they will have NO issue with this item.

After going over everything, sign as "assignor" on both copies and turn the papers toward the End Buyer and hand them the pen.

Once they sign, let them know you will be in touch to arrange the settlement details.

You're done your paperwork for the assignment.

Note that in line 1 of the assignment that the assignment fee shall be "Certified funds payable to [Original Buyer]." You can explain to the buyer that you expect your assignment fee in an envelope in the form of a certified check.

This is known as being "paid off the sheet" in the wholesale business. "The sheet" is the HUD 1 Settlement statement which lists all charges being disbursed at settlement. The Buyer & Seller will sign the HUD 1 after reviewing all charges.

Some End Buyers are going to balk and refuse to pay you "off the sheet" and instead want your assignment fee to go "on the sheet." The Buyer benefits by having the assignment fee "on the sheet" because it is easier for them to refinance the house later.

Why even ask for the assignment fee off sheet?

Let me ask you this. If you are under agreement with a Seller to buy their house for \$7,500 and you find a Buyer willing to pay \$20,000 total, do you want that Seller seeing your check for \$12,500 at settlement?

That situation doesn't happen on every deal, but it is always easier if the End Buyer hands you an envelope after the deal is done with your assignment fee inside.

It is always easier if the assignment fee doesn't show up on the sheet, no matter what how big your fee is.

If the End Buyer insists on having the fee on the sheet, don't worry. You can label the fee as you wish when you set up the HUD 1 prior to closing.

Notify the Title Company-New Buyer Info

Now you notify the Title Company or Attorney of the new Buyer's information. Most Title Companies & Attorneys do NOT need to see the agreement of sale or the assignment, but if they ask for it you may give it to them. Don't offer it to them unless they ask.

It is best to notify them through email so they get the spelling of the New Buyer correct. You also have a record that you sent them the information.

The Title Company needs the New Buyer information in advance of the settlement by a few days. They need to print all of the paperwork to reflect the New Buyer's company or name. They also need to clear the New Buyer for settlement. Here in Pennsylvania they check for delinquent child support and income taxes/judgments.

If the title is clear and the new buyer is clear, it is time to schedule settlement.

Setting Up the HUD 1

It will be your responsibility to notify the title company of any miscellaneous charges which must be paid at closing.

If the Buyer insists on having your assignment fee show up on the HUD 1, make sure the fee is listed on the BORROWER'S SIDE of the HUD 1. The Borrower's side is the Buyer's side. All the Buyer's charges will be listed on that side of the sheet.

The Seller's side will list all charges associated with the Seller's side of the transaction.

Ask to see the HUD 1 in advance of settlement to make sure all charges including closing costs are correct as you agreed with the Seller. If you have any questions about the charges on the sheet, ask your Title Company or Attorney who is handling the transaction.

If there are any obvious corrections needed, you can really speed up the settlement by reviewing the HUD 1 a day or two before closing.

Unless the Seller specifically asks for the HUD, don't send it to them ahead of time. Let them wait until the settlement date to see the HUD.

Schedule Settlement & Collect Your Fee

Once the title is clear and you have your End Buyer lined up, it is time to schedule settlement.

Show up a few minutes early for settlement. Sometimes the Buyer and/or Seller show up early and it is best if you are there first.

Both Buyer & Seller only know you prior to the settlement. They are both expecting to see you there.

Although you are not required to actually attend settlement, I believe it is a good idea to be present in case any unexpected occurrences come up. You never know when a deal could blow up at the table.

If you are at settlement and there is a small disagreement over \$1,000 item, you might be inclined to give the \$1,000 out of your assignment fee to keep the deal together. It is easier to make a decision like that if you are present for the entire situation.

In the event that the Seller begins asking questions about who the Buyer is, you can tell them that you changed direction and brought in a new Buyer to take your place. It is best to answer their questions with confidence, but without getting into a rambling explanation.

Once the paperwork is signed, the closing agent will cut checks.

Congratulations!! You have now successfully closed your wholesale deal.

Usually newer wholesalers go straight to the bank after their first settlement.

But right now, you need to get your action plan started. It is time to cover the plan you can begin working right now to begin your journey to become a wholesale real estate master.

Chapter 11

Action Plan

1. **Claim Bonus Pack** www.WholesaleRealEstateMaster.com
Your Password is **WholesaleMaster**
2. **Attend 3 REIA's Build Buyer's List**
3. **Comparable Sales Websites**
4. **Call 25 Sellers**
5. **Go View 10 Houses**
6. **Complete the Marketing Plan**
7. **Prepare Marketing Materials**
8. **Start Running Marketing Campaigns**
9. **Make Offers on Every House You See**
10. **Follow Up Until the DEAL Settles (Hopefully with You)**

These steps are in order for a reason-they are the logical actions you should take to launch your wholesaling business.

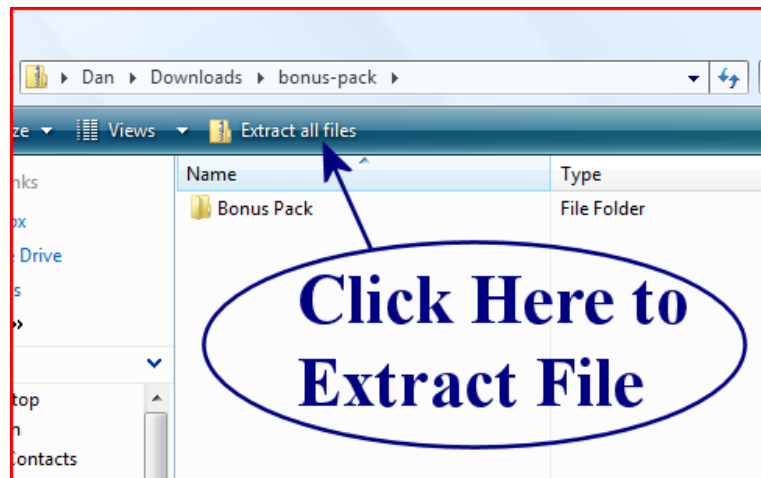
1.Claim Bonus Pack

GOAL: The goal is to become familiar with the contracts & forms included in your Bonus Pack with this book.

How to: Go to www.WholesaleRealEstateMaster.com and click on the "Claim Your Bonus Pack Now" button.

You'll need to enter your email address and password (Your Password is **WholesaleMaster**).

The Download Will be a "Zip File".



You Need to "Unzip" the File to Open the Bonus Pack

You must save that folder to a location and UNZIP the folder into a new location. After you unzip the file you will be able to view & open the documents included in your bonus pack.

Included in the Bonus Pack are 3 Quick Reference Guides.

Print these 3 Quick Reference Guides out and keep them handy as you start developing your business. They include the steps of the Action Plan, the order of a typical wholesale DEAL and how to find your End Buyer.

The 3 Quick Reference Guides:

1. Action Plan
2. A Wholesale Deal
3. Finding Your End Buyer

Save the agreement of sale & assignment paperwork, as you will need to use these on every deal you complete.

2. Attend 3 REIA's (Real Estate Investor Associations)

GOAL: Your goal is to meet REAL BUYERS who are buying houses in your market.

How to: Go to www.Meetup.com and search for "real estate investment" or "real estate." Many of these groups charge an entrance fee which should be listed in the group details. Some groups charge a yearly membership fee, although they are usually not the groups found on Meetup.com.

REIA's or Real Estate Investor Associations go by many names. You may find "Real Estate Networking" groups. Read the group description and make sure that you are going to a real estate investing group where buyers will be present.

When you go to the networking meetings, ask more questions of the people you meet. Your goal is to meet REAL BUYERS that will eventually buy your DEALS.

Ask them about their most recent deal. Where was it located? How much was the renovation? Did they sell it or keep it and rent it out? How much did they pay for that house? How many houses per year do they buy?

The answers to these questions will tell you if you are talking to a whale (HUGE BUYER 1 OR MORE PER MONTH) or a minnow (small buyer-1-2 houses per year). You need to know who the whales are in your market and ideally find DEALS for them to buy.

When you find a whale, invite them to meet you for lunch, and offer to pay the bill. Their time is valuable, and you could learn a lot from them over lunch. Some of the people I took to lunch in the early days are still buying houses from me to this very day.

Prepare for that lunch meeting by writing down as many questions as you can think of, and then LISTEN to their answers. I have even brought a notebook and taken notes during lunch meetings with people more successful than myself.

One word of caution: There are some wholesalers in these rooms who tell people that they are a cash buyer. They sound like the real deal, but when you ask about their recent deal, they stutter and give no real answer. This is because they haven't done a deal yet. Still add them to your buyer's list, but you'd be wasting time to take them out to lunch.

Every buyer you meet, whether whale or minnow, will be happy if you add them to your buyer's list. Ask for an email address or business card from every buyer you meet at the REIA's.

3.Build Buyers List

GOAL: Create a network of REAL BUYERS looking to buy your wholesale DEALS.

How to: Go open a free account at www.MailChimp.com.

Create a new list called BUYERS LIST and add spaces in the list form Buyer's first name, Buyer's last name, email address, and phone number.

NOTE: Building your Buyer's list is an ongoing task that you complete as you meet buyers. You don't take a specific time to sit down and "Build Your Buyers List"

You simply pay attention as you go to the real estate meetings, collect contact information and add those people to your Buyer's List.

When you attend the real estate meetings regularly, you will meet the REAL BUYERS naturally.

You will also save the numbers & emails into you phone, but it is good to keep the phone numbers in the email provider account also.

Later on you might hire an assistant to go through your entire list and see who is still buying, and where they are buying.

If the phone numbers are stored with the email, it will make it easier for you to re-activate those relationships at a later time if needed.

Whenever you meet a REAL BUYER, always follow up with a quick phone call the following day to "follow up" with them.

Ask them to tell you about their ideal neighborhood.

When you are done speaking with them, before you hang up the phone, tell them to store your number in their phone.

You want them to recognize your number when you call them later with a REAL DEAL.

4.Comparable Sales Websites

GOAL: Get comfortable quickly checking values on free Comparable Sales Websites.

How to: Install the redfin and zillow app on your smart phone.

Go to www.redfin.com & www.zillow.com on your desktop/tablet and become familiar with quickly researching the values of houses.

Look up your house. Look up your neighbor's house. Look up many more houses until you get used to how the site works.

Choose the better site to use going forward as your quick reference for values. I use the Zillow app on my phone for every Seller that calls me with a house. THE VALUES ARE NOT 100% ACCURATE, but they give you a good idea of whether the Seller is expecting a retail price for their house, or whether they are willing to sell at a wholesale number.

The MLS will give you better value when constructing your offers, but if you do not have access to the MLS, redfin & zillow will give you a ballpark number that you can use to make offers.

Develop a good working relationship with a RE Agent.

Inside Knowledge: Real estate agents are allowed to have an "unlicensed assistant" who can access the MLS on their behalf. When you develop a close relationship with an agent, they may allow you to become their "unlicensed assistant" and give you access to the MLS.

NOTE: The best way to develop a close relationship with an agent is to bring them business. When you are a money making partner, it is much easier to request the favor of "unlicensed assistant" access to the MLS.

5.Call 25 Sellers

GOAL: Your goal is to BUILD YOUR COMMUNICATION SKILLS with Sellers.

How to: Print 25 copies of the **Seller Call Script** included in your Bonus Pack. Go back to Chapter 7 if you need to review "How to Answer the Incoming Phone Calls."

Go on Craigslist.com and click the 'real estate for sale' section. Click on 'owner' toward the top left hand side of the page. This will eliminate all of the postings by real estate agents. Search terms like 'must sell', 'needs updating', 'fixer upper', 'needs repairs', 'sell as is', & 'investor special.'

Call the Sellers, and ask if they are the owner of the property.

You are going to talk to a lot of other wholesalers when you are doing this exercise.

If you are talking with a wholesaler, ask them,

"Can you tell me about the condition of the property & how much work you think it needs."

Don't bother going to see it-at this point in the beginning of your career you can't wholesale the other person's wholesale deal. Ask them to add you to their buyer's list and get off of the phone.

Remember, your goal is to BUILD YOUR COMMUNICATION SKILLS with Sellers.

You are simply learning to be comfortable talking about real estate deals on the phone.

You want to become a natural on the phone with Sellers so that when you are actually paying for the phone calls you receive (your marketing), you are smooth and easily get all the information about the REAL DEAL once it comes.

If you're speaking with an OWNER, or the OWNER'S FAMILY (Estate Sale Situations), go through the Seller Call Script with them.

If it sounds like there might be a REAL DEAL (Motivated Seller, Vacant House, House Needs Repairs, Bad Tenant, Estate Sale), schedule a time to go see the house.

6.Go View 10 Houses & Meet Sellers

GOAL: Your goal is to BUILD YOUR LIVING ROOM SKILLS with Sellers.

How to: Right before you go to meet with your first Seller, re-read Chapter 8 on "The Living Room."

You want to BUILD YOUR LIVING ROOM SKILL with Sellers. This is your goal. Take a tour & build rapport. You want to become comfortable in the living room guiding the process of the showing along.

You are going to be nervous on the first few houses you go to see. This is natural, because you have never done this before. Or maybe like me you don't have the money to close the deal yourself and you are afraid that the Seller might figure you out. Don't worry, they never ask about the money.

Remember, the Seller is looking to you as the expert. They have never (or at least rarely) sold a house before. You are the "investor" who buys houses for a living. You are the expert.

Be confident in the presence of the Seller.

If you don't know the answer to a question they ask, tell them you will check with your partner and find out. Then actually find the answer and get back to them.

Remember, the goal with this step of the Action Plan is to BUILD YOUR LIVING ROOM SKILLS. You are practicing for the REAL DEAL that will come through your marketing. It is better to practice on leads from Craigslist or a For Sale by Owner site than to figure it out on a lead that you invest good money to produce.

After going to see 10 houses, you'll be comfortable going to see houses. Now it is time to figure out your marketing system.

7. Complete Marketing Plan

GOAL: Your goal is to build a marketing plan that will provide consistent phone calls from Motivated Sellers.

How to: Print out the **Marketing Plan** form right now (included in your **Bonus Pack**). You are going to create

3 marketing campaigns which you will test in your market.

Once you figure out which marketing campaigns work, you continue running those campaigns.

The first thing to figure out is how much money & time you can commit **EVERY MONTH** to your marketing.

If you have a lot of money to invest in marketing, but not a lot of time, you might choose different strategies to test than someone who has little money & more time.

The important thing here is **EVERY MONTH**. People who 'try' wholesaling and say it doesn't work are people who send one batch of 100 letters, get no results and give up.

BIG RESULTS come from BIG ACTION.

Whatever marketing you choose, be ready to do the marketing month in and month out.

Consistent, persistent ACTION produces results.

The results in the real estate investment business are checks with commas.

Go back to Chapter 5 "Marketing for Motivated Sellers" and choose 3 strategies to begin your marketing.

In my business now, I spend more money than I do time on my marketing. I pay people to do my mailings; I invest a couple thousand dollars per month in internet advertising, and invest several hundred dollars in print advertising.

In the beginning I didn't have much money, but I did have time. I used to drive for dollars for days on end. I also did all of my own mail campaigns. I

nailed up my Bandit signs on telephone poles. I invested my time in my marketing because I didn't have much money to invest.

By doing that marketing myself, I learned what actions worked while I also learned the business of buying & selling real estate. I also made money while I figured out what works and what does not in my market.

Now I delegate & pay other people to do the work of my marketing plan.

8. Prepare Marketing Materials

GOAL: Design, build & print all materials for the launch of your wholesaling business.

How to: Purchase a web domain & build a website. Weebly.com provides a low-cost solution (even free), but I use Yahoo for my hosting & email. Yahoo also provides a free site building program.

A website can be a great credibility booster in the beginning.

You build the website first because your website address and business email will be printed on any marketing materials you send out.

At the bottom of your letters you print your web address.

TIP: Print the web address as www.WebAddress.com instead of www.webaddress.com. It is easier to read the first web address example.

Order your business cards next.

Order any other marketing items you are going to need.

9.Start Running Campaigns

GOAL: Your goal is to continuously run your marketing plan to generate leads. The key word is CONTINUOUSLY.

How to: Run the marketing campaigns you have chosen in your Marketing Plan using the materials you created in Step 8.

The key to your mastery of real estate wholesaling is to continuously keep your marketing running.

Once you find the campaigns that are successful in your market, KEEP THEM RUNNING!!

In the past I have tried a campaign, getting some results, and then moved on to try the next campaign. I was always looking for the easy, silver bullet of marketing. I was looking for the best and easiest way to do a TON of DEALS.

The truth is there is NO Silver bullet marketing strategy.

There are strategies that work in certain markets, but you must **ACTUALLY WORK THEM IN YOUR MARKET.**

Consistent, persistent marketing is the REAL key to finding REAL DEALS.

10.Make Offers on EVERY House You See

GOAL: The goal is to make an offer on EVERY house you go see.

How to: Refer back to Chapters 8 on making the offer.

In the beginning, some wholesalers are scared to make the offer.

The truth is, if you are NOT scared to make the offer, YOU ARE OFFERING TOO MUCH!!

Making the offer is the ONLY WAY you are ever going to get a REAL DEAL.

11. Follow Up Until the DEAL Settles

GOAL: The goal is to stay in contact with the Seller until they are ready to accept your offer.

How to: Call once a week for the first 30 days after going to view the property and making the initial offer.

Call once every 2-4 weeks after the first month.

Send a letter or postcard once per month. The letter should be in your handwriting asking, "Are you still interested in Selling?"

The key is to have a strong follow up system on houses that fit the criteria for a "cash" investor sale. The Sellers you continuously follow up with are those Sellers with houses THAT NEED REPAIRS or HAVE A MOTIVATED SITUATION.

If the house belongs in the Retail Market because of condition, there is no need to follow up forever after making an initial offer.

If the house needs to be renovated, follow up forever.

Follow up until they tell you the DEAL is yours or they settled the deal with someone else.

It took me about 4 months to close that first REAL DEAL. Within 18 months I was closing 4-5 REAL DEALS per month & flipping houses.

I did that without any direction or manual to help me find my way. I had read a few books, but none had laid out the path that you are reading now.

You are now holding the instructions on how to create your own Wholesale Real Estate business.

The time to get started is Now. So go find a DEAL and get PAID!!

Interested in Working with Diamond Equity Investments?

Go to www.AtomicBuyer.com to find out how to sell your deals using the Atomic Buyers List © 2015