

Real Estate Investing:
How to Find Cash Buyers
and Motivated Sellers

William Johnson

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PREFACE

First, I want to thank you for your interest in this book. I am certain that if you read this book you will find at least a few nuggets for you to take with you as you begin to wholesale houses.

This book is your quick-start guide to marketing a business centered around flipping houses on a wholesale basis. You will learn who your marketing targets are, how to look for the buyers and sellers that will be most responsive to your questions, and how to recognize the best deals for you. Finally, you will learn the actual methods that put you in touch with these people, and keep you in touch with the right people who can help you to take home that check from the closing.

With this book, my goal is to give you enough information to show you that there is money to be made. There are properties out there waiting for you to discover them and find a better purpose for them. There are people out there waiting for something to happen with a property they don't want. Learn the concepts I'm giving you and put these ideas into action.

Remember, I'm only focusing on the basics in this book. I want to give you a summary of what you need to succeed in this business, but it would take a lot more information to truly give you the complete picture of everything you could possibly run into when marketing your wholesaling business.

So, as my way of saying "thank you" for taking the time to read this ebook, I'd like to offer you the opportunity to download a free copy of the Fast Cash Wholesaling Houses Fast Start audio CD available at...

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Marketing Goals for Properties and Buyers

If you're in the business of wholesaling houses, you're in the right place and reading the right book. After you organize your business entity, the next step in starting or revitalizing a house-flipping business is marketing!

Marketing is more than just advertising. It's a reputation management system. It's a path for you to follow as you establish yourself as the go-to person in your area for problem property solutions. When you build a marketing plan and follow it through, your business has a customized road map to cash flow and contacts and almost everything else that goes into a series of successful wholesaling deals.

This book was written to help you successfully market your business with the most widely used tools in the industry. You'll learn about various marketing methods that can make the most of your talents and your niche market. You'll learn which tools are more likely to help you create a marketing strategy that's right for you. And no matter which path you choose for your business, the first step in marketing is setting goals.

Marketing costs either money or time, so goal number one is to resolve not to waste time and money in your marketing efforts. That means you need a plan. It may sound like a time-waster to analyze your business, decide what to do in each situation, and write everything down, but when you run a business, you need to look before you leap.

Analyzing your business is easier than it sounds. Just ask yourself questions about who you want to do business with and how. Paint yourself a picture of where you are now versus where you want to be. Then take that information and start setting some goals.

Goals for Finding Properties

What types of properties should you wholesale? Keep your options open. You can still wholesale properties that may not be your specialty or located in areas where you prefer to buy and sell houses. The more you limit your options, the less likely deals are to come your way.

For example, if you only want to wholesale Absentee Owner properties in a given zip code assessed at \$100,000 or higher, let's just say that deals may be few and far between. Not impossible, but just a little bit more sparse.

We're not trying to be negative here; we just want to make sure you do not get boxed into one way of thinking as the only type or few types of properties you want

to key into. Properties are our commodity as wholesalers, and it is just not to our advantage monetarily to discriminate on the types of properties you key into. There are plenty of properties that are wholesaled specifically because the wholesaler would NEVER buy them personally. They aren't "lemons"; they just don't fit into the wholesaler's personal parameters.

The theory — or rather, mindset — that you should probably know is that you will find far more deals to wholesale in the lower-income, depressed areas rather than the subdivision less than a year old for cash-only offers. Now you're probably thinking "Right, now tell me something I don't know." The truth of the matter is that we could give you a picture listing of properties from low-end war zone to executive row, but if the seller is not motivated in either category, then it's a moot point. You will find both motivated and unmotivated sellers on **both** ends of the spectrum.

Goals for Finding Buyers

Who exactly are your wholesale buyers? As you develop the mindset of a true wholesaler, you'll want to go fishing for certain types of buyers for certain types of deals. So let's talk about marketing your business to prospective **buyers!**

When you start a project in any endeavor, there should be an end in mind. In this case, that end is our buyer, who is also our payday. We're talking about making sure that when we've done our homework and have a great deal tied up, that payday is right around the corner.

For most wholesalers, this part of the marketing process is the most fun when you're dealing with the right individuals. There are precautions that you will need to take, and we will more than adequately discuss all of the pitfalls that you want to avoid in dealing with buyers. Other than receiving the funding check with your name on it, just the process of interacting with buyers should be the next most enjoyable part of wholesaling houses.

True success in real estate starts with finding great deals. It doesn't matter if you personally have the best financing in the world set up — if you paid retail or close to retail value and it won't generate cash, then you have gained nothing! Rental properties can generate revenue using private/hard money lenders, but when you're in a property for around 50%–60% of the after-market-repaired value (ARV), it's a no-brainer. Is a 100% financed VA loan at 7.25% better than a 50% loan financed at 12%? It took all of about 0.3 seconds for a hard money lender to approve that loan versus the hoops and time involved to get through the VA paperwork.

Time is money. Speed of money, or having access to quick cash, is the key to getting deals done. Or, he who hesitates (and has to wait on financing) loses.

You probably have either been the real estate investment buyer that we're looking for, or at the very least you need to put yourself in the shoes of a savvy real estate investor who buys properties for investment purposes. The success that you will have in wholesaling is largely dependent upon how well you can get inside the mind of your buyer and know the characteristics that he or she looks for in a deal.

It is so much fun to work with your buyers because they are mostly like you. There are too many people out there who are negative. They stereotype so much of real estate as being crooked or illegal just because it doesn't fall into their frame of reference in real estate. Hopefully you are not hanging around those types of people, and are avoiding them like the plague. You should be associating with like-minded people who share your positive mentality.

The buyers you like to deal with should truly appreciate your services for what they are. They should be people that don't beat your property down with negatives, and by all means, if they balk at you making a buck or two (or a few thousand) then **lose their phone number!**

For example, if you're walking through a house with a new buyer and they start off by bad-mouthing every inch of the house, thinking that the more they talk it down, the more you'll reduce the price, warning lights should go off in your head. Stop them before they get started. Tell them, "I know what it needs. Just look at it and tell me if you can meet my price." If they don't want to play nice, then take it away from them. "Obviously, this house isn't what you're looking for. I'm sorry to have wasted your time." And walk them towards the door. A good deal is a good deal. If one investor doesn't want it, someone else will. Remember this word: N-E-X-T!

The great thing about working with buyers is that a lot of times, you really are like-minded individuals, especially when you start negotiating (if you even have to negotiate). It's not like you have to beat around the bush a lot and be evasive on some issues. You just put on your best poker face and have fun with it.

Keep in mind that these are the people who butter your bread, so to speak, and you want to treat them with extra special care. Take care of your best buyers. Buy them lunch, play golf with them, send Christmas gift baskets, and so on. This may sound a little quirky to you, and it may even seem like it should be just the opposite way around, with them treating you like the king, but just take heart and know that it is definitely to your advantage to groom your buyers and get to know them personally.

You see, many of the buyers you may work with can do exactly what you are doing and can probably teach you a trick or two. So why in the world would they pay your price and not balk at you making some money? The answer is **time**! You come into all sorts of buyers and there is probably an elite group of individuals in your area that have pockets as deep as the ocean or have banks lined up just begging to loan them money for real estate.

In Las Vegas, the very elite gamblers are called “whales,” and if that casino lands a whale, then they can make millions over the long haul. The same scenario exists in real estate, and when you hook up with a real estate whale and have a personal relationship with this person, your monetary success is all but guaranteed.

Whales will not make foolish decisions. They didn't get to where they are today by not being prudent with their money, so don't waste their time with marginal deals. When dealing with a whale, **always, always** back up what you say you will do with action, and follow up consistently. Whales may not have the time to look for deals, but they sure know how to evaluate the worthiness of the deal that you're offering, and that is all you could ask for.

Think in terms of your list of buyers being your personal bank. You can write a check on any property deal that you find, but if the bank won't cash it, then it does you no good. Your bank of buyers is looking for properties with certain criteria, and when you find the right combination of price and terms, you then have access to the money. When all is said and done, this is what wholesaling properties is all about — **making serious money**!

The personal relationships that you cultivate with your buyers are everything. We've discussed some of the characteristics that you need to look for in your buyers, but now we're going to get a little more specific and discuss in particular some of the items you should use to qualify your buyers as either real players, lead-by-the-hand potentials, or those who will waste your time. Any buyers with characteristics that are less desirable than the three listed below simply are not worth your time to concentrate on.

Finding Your Ideal Buyer

Cash Buyers Are Best

A cash buyer is your best buyer. Cash sitting in the bank account of a buyer doesn't have to ask approval from ten different people to be taken out. A buyer who has readily available cash is simply the best type of buyer to deal with. They can make a decision quickly and close quickly.

The downside is that this is the smaller percentage of buyers you will be able to find. It is safe to say that most buyers who say they pay cash actually borrow the money from their established credit lines, hard money or private lenders, or have pre-approved bank financing available on a property-by-property basis.

Buyers with Borrowing Power

This is the largest group of buyers that you will come into contact with. They usually will have a large credit line established at one or more banks, and they will also have a track record that attracts banks to gladly deal with them on a property-by-property basis. This type of borrower deals with many banks. Usually each bank sets its own maximum number of loans outstanding to one individual. Sometime they may cap off their lending requirements, even if the buyer is a very strong borrower on paper, as it reduces the bank's liability.

The most preferable way for these buyers to purchase properties is an individual bank loan for each property they buy. Yes, they may have a large credit line that they can draft in a matter of minutes to pay cash for a property, but that may significantly interfere with the cash flow of their operation. More importantly, they may have to close twice, which escalates the closing costs needed.

For example, if it is a truly great deal and needs extra quick closing attention, then they may draft from their credit line to close and pay you off and secure title to the property. However, they probably close again with a bank to turn the deal into a "construction type" loan, which is needed for the true fixer-uppers. This results in a doubling of the closing costs.

Try to get to know your buyers' businesses and financial situations as intimately as they will let you. This is something that will take place over time, as you establish a relationship and rapport with your buyer. But knowing this information will help you structure the wholesale deals that you present to each buyer.

For example, if you have an established history wholesaling to a proven buyer, knowing that he or she has credit lines and approved bank lending, you know you

can go for a quick closing. If you know that another buyer goes through a hard money lender and they need the deal to be 65% LTV including rehab costs, they might take a little longer to close, or they might need a deal with more room than a cash buyer.

If your seller is really keen on closing (like yesterday) and it is great deal, you still want to put a minimum of 30 days to close in your contract. But you can sometimes put in a performance clause that gives you an extra \$500-\$1000 off the purchase price if you can close in less than ten days. Your buyer will most likely have to draw from a credit line to meet those expectations, so knowing who can truly close quickly can put extra money in your pocket.

The Cash to Play

This type of buyer may not have a strong borrowing ability, but has a significant amount of cash to work with. They probably either have poor credit or may just be starting out in real estate investing and are just "getting their feet wet." Someone who has \$3,000-\$5,000 is still a potential buyer for some deals and so don't rule them out.

Remember that you can be the bank for these types of individuals and direct them to the money. Just know that even though you don't have a "whale" buying all of your deals, you can create built-in financing so you can get the house wholesaled quickly. In another publication, we'll discuss in detail how to create this type of financing and make sure there's a check somewhere that ends up with your name on it.

Beware of the Weasels!

When you are wholesaling properties you are guaranteed to run across some buyers who are under-capitalized, under-educated, or just flat-out unethical! If a person doesn't have a lot of money or just hasn't studied up enough on real estate to be prudent in their decisions, then by all means don't hold it against them. We were all probably there, or may be now at that one point in real estate.

You will find that even though it does take some time when you cultivate a business relationship with those less experienced, it can pay **huge** dividends. Be a free mentor to those individuals as your time permits. You will learn things yourself, but it will all come back to you in a positive way in real estate somehow.

Now, you will learn how to sniff out weasels pretty quickly from the personal questions you will learn to ask. You make the rules about which buyer gets your

wholesale deals as long as you are not discriminating against a person based on race, color, creed, sex, religion, or any other legally protected status. However, you have **every right** to discriminate on who has the potential to tie up your great wholesale deal based on sound financial analysis. That is why you want as much written confirmation as possible that your buyer will in fact close on the deal and, in return, will get you paid. This part is important, to say the least.

As your career in real estate progresses, it is inevitable that you will come across individuals whose ethics of conducting business are wrong and, in some cases, downright illegal. This is probably true in almost any form of business, and real estate is by no means immune to this. Anyone can put a contract on a property, but not everyone can do everything they stipulate in their contracts.

Here's a quick example of what not to do from the "hard knocks" learning file. A wholesaler has a buyer from whom he accepted \$500 earnest money held by his attorney on seven different properties. Needless to say, the wholesaler was looking forward to a nice payday. The investor talked a big game and was knowledgeable about real estate, but the wholesaler didn't do his due diligence on the investor, ask for bank approval letters, or get an earnest money deposit commensurate with the scope of the deal (even though they were junker houses). In the end, the investor didn't try to hide, but he simply wasn't able to close on the deals. He walked. The wholesaler was left with \$500 in earnest money and title work bills on seven different properties, not to mention the sellers of these properties, with whom he then had to scramble to renegotiate and buy more time to get them all closed out.

All of these pitfalls and monetary losses could have been avoided by just taking a few more minutes of due diligence by pre-qualifying the buyer. The lesson learned: Don't take the first bait that comes along!

You may get individuals who try to wholesale your wholesale deal. In many cases, this is fine. However, you need to pre-screen the actual buyer yourself. Let your middleman know that you will honor the deal and won't cut him out, but you need to make sure the end buyer can actually do the deal. You can learn how to sniff out sincere individuals who do try, but who don't meet your qualifications. You will also know how to recognize the true weasels that you need to stay away from.

What Pre-Qualification Questions Should You Be Asking?

When you are pre-qualifying your buyer, you absolutely must let them know that you wholesale properties, or in other words "broker deals." Again, if you are dealing with someone who balks at the idea of you making some money or even some substantial money, then go find someone else. Just be up front and in no uncertain

terms let them know that you make money finding great deals and passing the opportunities on to them.

On all-cash wholesale deals, your stated price should include your profit. If your buyer starts asking what your cut is, then that is not the direction you want the conversation to go in. Your reply should be that the deal as you've stated it stands on its own or not. The profit you make in negotiating with a wholesale buyer on a cash deal is for you to know and them to find out — later! Especially in the negotiation stage with the wholesale buyer, where you're telling them that the property is selling for \$X and you want to make \$Y — that's like playing a poker hand and letting everyone know what you are holding.

There shouldn't be a lot of negotiation with your wholesale buyers. A smart buyer doesn't care what you make on the property; his main concern should be what **he** makes on the property. The deal is the deal. You can quickly make this question a nonissue by offering great deals. Investors can find marginal deals all day long. Your value is in finding great deals. So, on the other side of that, recognize your value. If your wholesale buyer doesn't meet your terms, if he balks at your making a profit, then move on to the next buyer. NEXT!

You absolutely must be able to pre-qualify your buyers and rate them into your own buyer categories in order to effectively wholesale. The paycheck you want to receive in the end directly relates to how well you are able to match up the most qualified buyer to the deal. Here are some items that you need to know from your potential buyers. They are broken down into the "have to know" and "would be nice to know" criteria.

What You Have to Know

- How many properties do you buy and sell a month? (or a year, if they hesitate)
- What types of properties do you like to buy? (# of bedrooms, baths, etc.)
- Are rehab/fixer-up specials your preference, or would you prefer to purchase "prettier" homes?
- What price range do you like to operate within? Wholesale price? After-repaired value price?
- Will you consider all areas to buy in or are there areas of preference and other areas that I shouldn't waste time calling you on?
- If you write up a property to buy, how quickly can you usually close?

- Can you pay cash for properties? If yes, would you mind producing verification of your ability to do so?
- Do you borrow money for your deals? If yes, would you be able to produce documentation from your bank stating as such?
- Do you need any help securing financing? I have some resources lined up that don't mind lending for the great deals that I come across.
- Do you have a credit line established for truly great deals that have to close quickly? If yes, would you mind producing verification of that credit?
- If you are using a bank, what requirements do you need (appraisal, title work, repair estimates, home inspection, termite letter, etc.). For example, if you know clear termite inspection is applicable and your subject property has considerable termite damage, this may disqualify this particular buyer even though you fully intend to disclose this fact to them.
- Are you interested in deals to cash out the seller only, built-in financing, or both?
- How do I reach you? Get contact information such as name, phone numbers, fax number, mailing address, e-mail address, etc., and ask what their preferred method is.

Other Factors That Would Be Nice to Know

- What attorney do you usually close with?
- How did you hear about me?
- Do you know of other investors like yourself that I can add to my database?
- Do you have a contractor to work with for great deals that need repairs?
- Generally speaking, what type of profit margins or buying criteria do you look for? (You will get a lot of different answers here, and some may say, "Just bring me the deal and I'll look at it.")

The following are just some of the examples of the type of information that you want to know from your future buyer:

- "I can't go over 65% LTV including repairs on a property."
- "I usually pay no more than \$25k total for a property including purchase price and repairs for three bedroom rentals in the Golden Heights area."

- "I never buy houses with pools."

And a Few Words of Advice:

- Be sure to get approval letters from your buyers and/or large deposits.
- How quickly do you want or need your buyer to close? It all hinges around your agreement with your seller to make sure you meet his deadline. You want individuals who can close with CASH or have their financing lined up and pre-verified. These are called real PLAYERS!!!
- Be cautious of weasel contingency clauses that your buyer may want to put in their contract and know about contingencies of their financing, like a termite letter and such. Be sure you initiate the title work to have as much control over the situation as possible.
- By all means, turn down your good buyers sometimes and let them know you know how to make a profit. They soon will get the message that if they want to be first on your list, they won't dicker around with prices. For example, when you have a good deal and you are negotiating with your buyers, you simply say, "I have this great property for this price and I can give you until end of day to meet if you want."

This is a business that requires you to have a well-developed buyer list. When you get to the point where you're evaluating the results of your marketing plan, you will soon find out who likes to buy where and how much they like to pay as different investors work off of different profit margins. The more you know about your buyers, the better you will be able to find deals that have a buyer waiting.

Where Can Buyers Be Found?

This section should be more adequately named "How do my buyers find me?" The individuals out there who can appreciate your services and can truly appreciate a great deal will eventually find you. You should continually be marketing and networking to find new and qualified buyers because if the money dries up at one well, you need to have multiple backup sources.

We will be concentrating primarily on the rehab/investor buyer here. There are opportunities with owner/occupied retail buyers that we will touch on later, but for now, let's discuss your main source, which is the person who can recognize a great investment opportunity and close fast.

One of the easiest ways you will find to start generating a strong buyers list is simply with a few classified ads. If you are just starting out, you may run the advertisement for two to three consecutive weeks to start building your base and then maybe drop your advertising down to once a month just to keep your resources fresh and opportunities open.

The type of classified we are talking about here is NOT prohibitively expensive. You should probably run a Sunday-only advertisement in the "Investment Properties," "Realty Wanted," or a related section of the paper. We are talking about a \$20-\$40 advertisement, depending upon the circulation and size of your paper, of course. A few examples that have worked well are:

- "Rehab/Fixer properties. Call for a complete listing of investor specials! 555-1212"
- "I've got all the deals! If you want true investment opportunities then call me. 555-1212"
- "Blue Light & Handyman Specials! Serious deals for serious investors. Call the source at 555-1212"
- "Please DO NOT call me unless you are interested in great rehab specials. 555-1212"

One of the best advertisements for your deals is simply:

- "\$60k comps, \$20k and needs repairs. Financing with repairs available. 555-1212"

Placing just a couple of cheap advertisements will put you well on your way to developing a strong buyers list. Your buyers list should continually evolve as you add and even delete prospects. When you start dealing with buyers there is no way around it and you will come into some, shall we say, unscrupulous individuals. People who want to jerk your chain around, possibly trying to wholesale your wholesale deal (which wouldn't be bad if they actually completed the deal).

When you start fielding the calls from the advertisements and you are completely new and don't have an inventory of properties to sell, you will get buyers asking you to "tell me about your deals" or "where is the property located?" You don't have to beat around the bush. You can simply state that you work hard to find great deals and not marginal ones, and that you simply need to find some truly serious buyers. It is definitely in your best interests to be very frank with the person you're talking to and say that you primarily wholesale quality deals and when you get a property under contract can you call them in the future?

When someone answers your potential buyer advertisement from whatever source, ask your buyer the questions you just read about in the "What You Need to Know" section. Depending upon their answers, you'll be able to classify them as strong, potential, or marginally possible candidates. Remember not to dismiss individuals just because they haven't bought 100 properties before or have bad credit. You're going to be the bank for some of those individuals later.

Don't get into the aspects here of how much earnest money will they consider putting down, as it's really putting the cart before the horse at this time. In fact, some of the individuals may be apprehensive at best when answering these questions or even evasive. Most serious, ethically-minded buyers will not have a problem in casual conversation answering some of these questions so you can get an idea if they are a real player.

When speaking with the prospect, keep it conversational and flowing. You will want to have an "I'm here to help" type attitude and, in any case, the questions you ask should not sound like you're completing a telemarketing survey. Develop a rapport with the prospect and take the opportunity to get to know them personally. These are the individuals that you will be counting on for your paydays, and knowing their personality and buying techniques/margins will definitely be to your advantage.

The last sentence on the list, asking, "Do you have a bank qualifying letter that you could send me for the right type of deal?" may be a little bold, but ask this question anyway and it can separate the really motivated players very quickly. There will be some buyers who are very qualified and that you will do deals with, whether they have a bank letter or not. However, a person taking the time to send a letter from their bank stating "Mrs. Johnson is a pre-approved customer for real estate transactions" simply carries a lot of weight.

What you are looking for are buyers who are as serious about business as you are, and this separates those types of individuals very quickly. You are primarily interested in the quality of qualified buyers and not just developing a long list of contacts.

Keep records of all your prospects, recording their pertinent information from your fact-finding interview and most especially contact information such as the name, mailing address, home number, cell phone number, fax number, and e-mail address. Even though some of them will not seem to be outstanding, you still need to keep them on file. You will come across some deals that seem very marginal, but if you have tied up the deal with a motivated seller who gives you no-risk contingencies to move forward, you can make these deals work. You can set up your marketing program so that deals or buyers that you think are marginal can still become great sources of income.

You will acquire some buyers simply by them calling you, and this is a nice way to get new business contacts. When you are marketing to find buyers on deals, just simply having your name out there allows people to associate you with great deals, and then the money and buyers just seem to find their way to you. You will get many calls like, "I'm an acquaintance of John Doe and he told me that you sell houses. Could you put me on your buyers list?" It's truly not that hard to develop a strong buyers list once you get it going, and then you just need to refine it on a regular basis as you go along.

A great way to get buyers starts with being connected online. Many of the tried and true means of finding quality buyers listed above are great. However, when you start marketing and you have the ability for your buyers to sign up online with you, then your time can be significantly leveraged.

Let it be known that buyers come in all shapes and sizes, and there is definitely no cookie-cutter approach to working with them. The first thing you need to know is that buyers work off different profit margins, have different preferred areas they like to buy in, and of course, different types of properties they buy (fixer-uppers, war-zone, pretty side, bread & butter areas). Keep it in the back of your mind that it does have to be a truly good deal in order for you to leave enough profit on the table for your buyer to see perceived value and want to buy at your price/terms.

The Section 8 Goldmine

Your mentality in wholesaling is to look at ALL possibilities and realize that a wholesale deal is a wholesale deal is a wholesale deal! The color of the money being put in your bank account from wholesaling is all green and it doesn't matter that you wholesaled a junker or a pretty house. This is directed at those who already know or need to know the money to be made with ugly houses. Many of those ugly houses are in areas that are prime candidates for "Section 8" rehabbers and "Section 8" owners. These types of investors are very easy to wholesale deals to so every wholesaler should have a ready supply of these buyers.

What is "Section 8"? This is a government program that is not unique to just one state, but is government-subsidized housing. Individuals can become eligible to live in these houses if they meet certain requirements like income, dependents, etc. The government will pay the owners of these properties directly for qualified applicants of the "Section 8" program.

For you, that is a guaranteed rent payment that is usually premium market value rent for that area. In many ways this is a great deal for landlords. This isn't intended at all to be a "how-to" on landlording, but this is a program probably

available in your area and, if so, then these owners are a great source of buyers for you to wholesale to.

What does Section 8 have to do with you getting a buyer? It has everything to do with it because it's one of the quickest ways to develop a readily available list of motivated buyers. If Section 8 is a program applicable in your area, then just visit the office. Ask to look for the properties available for Section 8 rental and it will have the owners' names and contact information — BINGO! This isn't national security classified material, it's just information at your fingertips on who would like to buy your junker fixer-upper property.

That is mainly because most Section 8 rehab projects are located in the more beaten down neighborhoods. Yes, some are war-zone areas, but not all, so the key is to know right now that if Section 8 is in your neck of the woods then you already have access to quality buyers who are looking for great deals and someone to bring the deals to them. That person is you!

Building Your Buyer Base via the Web

If you truly want the best leverage to build your buyers' list with minimal expense and effort, then being linked to the Internet with a website is simply a must. That may turn some of you off right now and may seem like a hurdle that is hard to overcome, but having your real estate investor website designed is not all that hard. In addition to the deals that come your way, it's an excellent investment.

Now, your website should have many additional features other than just those directed at wholesaling. However, make no doubt that a website is a primary means for soliciting new buyers, both retail and wholesale. Put your website name on every piece of information about your business — e-mail, direct mail, classified advertising, print media advertising, bandit signs, etc.

You will be amazed at how your qualified buyers list starts growing automatically when you have a website. Real estate is a small community, and investors will pass on your name and your website to other investor friends. Having a website makes it easier for people to find you and gives you more credibility as a business.

In addition, you want to really make your website work for you. Whether you are building the site yourself, or having someone build it for you, you will want to have forms on the site to collect information from people. For example, if you are looking for people to wholesale properties to, you might have a form that not only asks for their name and contact information, but for the price range they like to buy in, how big a rehab job they will do (from fluff and buff to down to the studs), areas (or zip codes) they work in, number of bedrooms and baths they prefer, etc. This is a fast

way to not only build your list of buyers, but to create a database of preferences so that you can better target properties for your buyers.

The most important commodity you possess is time, and if you had to talk to every person who wanted to reach you during a week, then you may never have the time to make the deals. You know how it is — you start talking about one issue and the next time you realize it, the conversation is about their grandmother's fruit tree or some other totally unrelated topic. Interpersonal communication is great. But it can quickly become a distraction and time waster. Stay focused. Online communicating has a way on both sides of getting right to the point and leaving out the clutter.

When you send out an e-mail to your wholesale buyers list, you will still field a lot of calls. That's okay. However, many of the smarter ones keep tabs online asking the prospective seller more specific questions like:

- How much would you say it needs in repairs?
- What are the comps you show for that area?
- Sounds like an interesting deal, but I've got my credit lines tied up. Do you have another financing source to pass along?
- I drove by and would like to see the inside. I've got tomorrow at 3pm or the next day at noon. Can you meet with me at that time?
- Is it still available, and when can you meet?
- Do you have a general listing of items you think would need to be repaired?
- I'd like to look at this one, but my regular rehab crew is on a long-term job for me right now. Do you know of anyone else that I may be able to use if we can agree on terms?

You see, so many of those questions are a 10-15 second reply if you're leveraging your time online. A good precedent to set is to stress to your buyers that you e-mail out information on your properties, and that by far the quickest way to learn about the "Can't Lose" deals are to get online with you. Buyers will realize this soon enough after they consistently miss out on great deals. Sometimes even having your cell number isn't the quickest access to the best deals. Train your list to follow you online.

The long, short, and sweet of it is that if you want to be a real player in the game of finding wholesale deals, then be accessible online. Put some concentrated effort into complementing your wholesale business online and you'll wonder how you ever got along without it.

Contractors, Contractors, Contractors!

You may be initially thinking, "I thought we were talking about wholesaling houses, not rehabbing houses!" A contractor can be one of your greatest allies for wholesaling properties, and that is the way you should view the contractor — as a resource. The contractor can be a significant influence with the owner you are buying from and also with the buyer that you're selling to, which is what you need to be keenly aware of.

Know the first rule of contractors — they are people just like you and me with needs, wants, and bills to pay. Before you start making offers on properties and wanting second opinions on all your purchase offers supported by contractor estimates, just be aware that nothing is for free. Since we're in the business of wholesaling, our direct interest is not to employ the contractor directly. However, if you need a qualified written repair estimate, then you better be a very good potential source of income for him/her to do this for free.

How do most contractor relationships work in rehab situations?

The Investor/Contractor Relationship

A contractor will usually act in the capacity of a foreman of a crew and will work side by side with all members of his/her team that repair a house. The contractor is also responsible for the bottom line profit of the project.

Most contractors will bid on job to renovate a house on a net amount for an all-inclusive written contract between the investor and themselves. The smarter ones will leave contingencies for unexpected items, which in completing rehab projects is almost always inevitable. Usually a time frame is specified in the contract along with available remedies that are cumulative on both sides for non-performance.

Now, a very important part of the contractual relationship outlines how and when the contractor will be paid. Usually the contractor will be fronted a "draw" for initial material purchase and will be paid in three equal draw payments with the last draw being paid after all work is completed and meeting satisfactory inspection standards as outlined by the investor. On the pay aspect, nothing from a contractor's standpoint is more feared than nonpayment for work performed.

When a contractor stands in front of his crew late Friday afternoon and says there is no money, well, let's just say relationships tend to sour very quickly. If work is done to acceptable standards, then pay should be reflective of and within the guidelines of the contract.

From an investor's point of view nothing is worse than paying for past work that has been completed on a project while little if any progress is made. The best insurance for a renovation being completed with acceptable quality standards and time frames lies within a properly written contract. The rule of thumb with the investor is to "keep them hungry" meaning after the initial materials draw, then money is ONLY paid when acceptable quality standards are met and within time periods specified within the contract (weekly, monthly, as completed basis, etc.).

Using the Contractor Issue to Your Advantage with the Seller

The above example is used as a basic overview of how a contractor relationship generally works. Sure, there are as many variations as there are individuals, but you should understand that contractors are not charitable organizations. They are professionals with an overhead and a crew counting on them to solicit new business and provide for the personal financial requirements of many people. So, they are not in a mood to be jerked around.

With that being said, how can you use the contractor to your advantage with the seller of the property? One of the negotiating techniques you can use is to employ a "bad guy" to blame for why you can't, or simply don't want to pay more than what you offer. You can use the contractor as the heavy.

If you have done a very good job of pre-screening the seller and the deal is just screaming with potential, then meet the seller at the property. If the deal sounds good enough, have your contractor meet you there to go through the house with you and do a repair estimate. Usually it will take 15 to 30 minutes to get a written repair estimate. Have him hand it to you and then leave. This leaves you and the seller.

This is just one method of negotiating. Some wholesalers like to make an offer right then to the seller when they receive that repair estimate. Yes, the repair estimate will most probably be on the high side, but you just want to take into consideration all the aspects of the project and of course, "Murphy's Law."

So, now standing here in front of the seller, here is what you have thus far:

- Pre-screened the seller as very potentially motivated.
- Comparable sales information on hand.
- Lastly, a written repair estimate of what repairs are needed.

Make the offer to the seller based on the repair estimate of \$XXXX. Almost always the seller balks initially and says it won't take near that amount and that they can

get it done so much cheaper. Maybe yes, but probably not! Maybe the seller knows where you can get \$5 per gallon paint and that there is this guy on Saturdays at the flea market that sells carpet. You don't care. Here is the bottom line and the take home point – don't dicker around with the seller on the price of repair estimates.

Make the contractor the bad guy now and all you have to state is the following: "*My contractor does quality work in a timely fashion so I just have to base my offer on those repairs stated.*" This justifies any negative reference of a lower than expected offer to the seller, but not at your expense. Rather, you are making the offer on the basis of the contractor's expertise. Soon the seller will realize this part of the negotiation process is simply out of your hands and has to be factored in "as-is."

Using the Contractor Issue to Your Advantage With Your Buyer

When you are actively wholesaling a property, most savvy investors will also know just like you what the repairs will be. However, don't ever be shy about bringing "newbie" investors into the picture that may need to be led by the hand through the entire process.

The new investors, those individuals who want to get into the game may need one little push in the form of a turnkey project for that first taste of success in rehabbing houses. You already have a steady stream of these investors as we have discussed the how-to's on acquiring a strong buyers' list. Now it may be the time to lead that investor from start to finish by being the bank and the resource to get it all done.

Let's get back to that all-important aspect of showing them how to get the project done and completed on a cost-efficient basis. You can present some deals to investors who don't have their own contacts for work crews yet almost as a package deal. Having a good, reliable contractor in place on a deal can help the investor through, keep you on good terms with your contractor as a referral source, and add value to your services.

With most newbie investors, that is not a sticking point and it drives the business to the contractor, thus solidifying my business relationship with him or her. Put your contractor and buyer together and have them work out their agreement *after* you have the contract with your buyer signed. It's a win-win-win for everyone.

Did you get the part in the end though? The contractor eventually got the project job and you used his repair estimate all the way down the line to your advantage. Definitely know your contractor's past history and don't be shy to ask for references

on them when you're first getting to know one until you can view their work and establish a track history.

There will be some occasions that you need a contractor's repair estimate for various reasons and you will know that you won't have the ability for sure to direct work their way. It can be worth it to pay to get a contractor's repair estimate. Let them know up front that you probably can't use their services on this property, but you are willing to pay them for doing an estimate. After time, you will find that you have a core group of contractors that you do regular business with and they will be willing to give you 30 minutes of their time whether they get the job or not simply because eventually they know you'll bring work their way.

Dealing with contractors is all about ethics and "one hand washing another." You complement their business. Contractors are also a great source of referrals. They are often in the know on opportunities before most others. Don't be shy about paying a "bird-dog" referral fee to a contractor.

So, use your contractor's repair estimate to be the "bad guy" with the seller and reward him or her for their services by doing the best you can to lock them into the rehab project on the back end.

What About Retail Buyers?

This course is about wholesaling properties which emphasizes and primarily focuses on the investor/buyer who can close quickly. Another approach that investors incorporate into their arsenal of profitable weapons is having buyers lined up who would like to live there and call the place home. Retailing properties is beyond the scope of this course but it is worth putting it in the back of your mind because it's really the next level of wholesaling and can even get you out into the realm of holding properties rather than wholesaling them.

The name of the wholesaling game again is "show me the money" but when you are working with retail buyers, they generally take more time to close. Time needed to close is everything when it comes to wholesaling, so if you are going to sell to a retail buyer, you want any retail buyer you have lined up to have his financing ducks in a row and to be ready, willing and able to move on a deal.

Owner/occupied retail buyers can and do pay higher LTV's for properties. On some properties you come across, the owner will insist that they have to get cashed out and won't want it any other way. Or the property is mortgaged anywhere from 70%–90% LTV, which just doesn't fit the mold of most investor margins of 65% LTV and below. You can make money in a hurry on these 70%–90% LTV mortgaged properties if you have some retail buyers qualified and lined up. In fact, there are

more of the 70%–90% LTV mortgaged properties out there than any other, so it is definitely to your advantage to know how and what type of buyers fit into this piece of the puzzle.

Many times motivated sellers will go down the classifieds and look at all the “I Buy House” people and start calling. They get asked one main question: “How much do you owe?” The answer stops many “other” investors right there in their tracks. Of course it’s a no-brainer when the house is in decent shape and in a good neighborhood and can be bought at 65% of the appraised value. However, nine times out of ten, for example when a seller says they owe \$90,000 and the investor pulls comp that it’s a stretch for it to retail for \$100,000, they simply say they owe too much on it. What? Don’t you be that type of investor. Sure, take the home run deals when you find them, but keep the “blindens” off and compile a database of buyers who can afford to pay higher LTV’s, and make money where others fail.

The type of retail buyer you are looking for usually fits into two different categories:

The Value-Conscious Handyman

This individual is a buyer who wants to put some “sweat equity” into a property and gain some equity in the situation right off the bat. If a property has the potential that someone would want to call it home but is a little pricier than your rehab buyer can afford, then this type of buyer may be an exact match. You can still make money from the situation. For example, in a bread & butter, blue collar neighborhood, if you can find a deal for 70%–75% after-repaired value (ARV) and your estimates with repairs make the total deal sellable at 80%–85%, then there’s still room there for a profit if you have the right type of buyer. This is especially true if you have some built-in owner financing that you can pass on to the buyer.

The Pretty House Cash Buyer

This is not the buyer who has all cash and/or can qualify for a 95% loan-to-value deal. This type of buyer probably won’t be coming to you anyway. What we are talking about is some of the built-in owner financing techniques that you will be able to incorporate and pass on to your buyer at a no-liability risk to you. You’re in and you’re out. However, when dealing with pretty house specials with underlying mortgages, the most feasible way to handle this is holding the property as a landlord and having your tenant/buyer eventually qualify for a loan for the big payday.

This type of scenario is a course in itself and is outside the scope of what we are looking for, however, there are opportunities with the pretty house cash buyer if

you want to be in and out with no liability or risk to you after the deal is done. Just be aware that this opportunity is available to you, and don't get so narrowly focused wholesaling that you could miss a huge retail payday if you can or have secured a qualified retail buyer.

Are you getting ideas for using your favorite marketing techniques yet?

Absentee Owners and Mailing Lists

Where to Find Wholesale Opportunities

There is one technique to get you going that is flat out the best way to get your phone ringing off the hook with people calling you.

Finding motivated sellers is what you are looking to do. Before we get into that specific technique, let's take a moment to define who that elusive motivated seller is.

How can you tell you're talking to a motivated seller? These are some of the phrases you will hear that are strong indicators that a deal is there to be made. These phrases spell **M-O-T-I-V-A-T-E-D!**

- I just don't know what I'm going to do with that house anymore.
- The people living there are just a daily headache for me. I can't get them to move and they haven't paid me anything for the last six months.
- The house just has too many repairs needed and I don't have the money to fix it up.
- I guess the city will just tear it down because it's condemned you know.
- My father used to be in the real estate business and he passed away. I'm living three states away and there is no way I can look after that house(s).
- We're moving anyway and if you think you can save the mortgage on it, then tell me, what's in it for me?
- I need to sell the house soon because I need money for...
- I just can't afford to make two house payments much longer.
- I don't have the money to make up the back taxes. Can you still buy the house even though it's going to tax sale?
- I didn't even know I wanted to sell until I got your letter and I'm just tired of the headaches.
- I saw that you buy houses in any area. Well, I have this house over in...
- I just need something out of it and anything would be better than nothing.

- This is inherited property that we just want to sell, and we are not interested in renting it out anymore.
- How can you buy the house when the last two Realtors that it was listed with didn't even sell it?
- I know you are an investor and have to make a profit, so what are your thoughts on the house?
- We just have to have some money quickly because...
- That house used to be my mother's and I just don't have the time any more or money to fix it up like it needs to be so I can sell it.
- I can't be there watching over the place here in Florida and I just need to sell.
- We split up and neither one of us can afford the payments so the bank will just have to take it back over.
- I don't know if you can help me because I'm behind on my payments, but here is what I've got...
- This letter I got from you stated you buy properties in any condition. What if a tree has fallen through the house?
- You may not want to look at this house because it's had a lot of burn damage.
- I am 73 years old and am just tired of rentals, but I like the cash flow. I would be willing to do some owner financing for the right type of person.
- I don't need all my money now, but something showing that someone is serious would be nice.
- We never had the Will probated, but my brother, sister, and I would like to sell it. Do you know how to get clear title and find a way we could do this?
- I am trying to get out of it what I've got in it.
- I received your letter and you must be divine intervention.
- I just need to get this house out of my hair once and for all.

If you are talking to an owner and you hear any of these phrases, you just may want to drop whatever you're doing and go meet with the owner.

The one area that you will need to concentrate on in order to find motivated sellers for wholesale leads is public tax records. Now you have the secret and the rest of the process is easy right? Well, not exactly.

It's a little bit more involved than that, but by far the most effective technique to find motivated sellers is through Absentee Owner listings.

Absentee Owners

What is an Absentee Owner listing, you ask? An absentee owner, as defined in the tax records, is a property owner who receives a tax bill at an address different than the actual property address. These are not necessarily out-of-state owners, but could just be living across the city from their property. What do you get with these types of owners? People who have been waiting for someone to be a solution to their pain and suffering. Many people simply do not know where to start when selling their property and they know very little about how going through a real estate transaction.

Dealing with out-of-town sellers is simply one of the best situations to be involved in. Chances are slim that you will ever meet face-to-face, so you're really not negotiating with them. What should be your operational plan of action with these sellers? This "Making Money by Mail" strategy is tailor-made for doing deals with out-of-town sellers.

How to Market Toward Absentee Owners

Marketing towards absentee owners is the "***Big Secret***" and this short overview will show you how this works and the details about how you can pursue this technique further.

The first thing you need to realize is that every parcel of property where you live has a public record. What that means is that the details of who is on public record as the owner (where tax bill is being sent), as well as other information, are available to you.

Now, where you live and how readily you have access to that information is the issue. In some areas, it may be a little bit harder to access the information while other areas make it easier if online databases are set up.

Many of the larger metropolitan areas have these tax records online that they monitor "in-house" so to speak, and some city tax records are outsourced to a third party that monitors and updates tax records for that area. In either instance, you can purchase tax record information on properties.

Some city tax records can be purchased directly from your local tax assessor's office on CD-ROM that lets you get very detailed in your property searches, pulling up all types of juicy information to develop a mailing list. The easiest way to access the information you need is to purchase the information online and have it downloaded to a spreadsheet. You can then contact owners of properties to inquire if they want to sell. How do you do that?

Here is a sample letter.

Hello!

Let me get right to the point:

I buy houses fast – any area, any condition.

I am not a Realtor and I DO NOT want to list your house. I want to BUY your house. I purchase properties in this area in a variety of ways that others traditionally wouldn't even consider.

- In most cases, I can close in only a few days.
- I could pay quick cash or take over your payments.
- I can evict existing tenants.

I handle

- Pretty Houses
- Ugly Houses
- Trashed Houses
- Burn-Outs
- Little Or No Equity

Whatever your real estate problem is, I find solutions. I will not hassle you. I only want to buy if you want to sell.

If you have already sold this property or if you are not interested in selling, then please disregard this note and accept my apology for any inconvenience.

If, however, you want to sell this property immediately, then please call me.

Sincerely,

Signature

Name:

Phone: 123-456-7890

Fax: 123-456-7891

Email

www.website.com

Where to Get Mailing List Information

One of the best sources for mailing lists is Melissadata.com. In addition to absentee homeowner lists, melissadata has bankruptcy lists (a majority of people who save their house in a bankruptcy lose it less than two years later); derogatory credit lists; pre-mover lists (just listed in the MLS); and occupant/ homeowner lists. Melissadata.com charges by the number of names that you buy, sometimes as low as \$100 per 1,000 names. The information includes the person's name, address, and property address.

Sometimes you can select to get the phone number, too but remember that you have to "scrub" phone numbers against the national "Do Not Call" list before contacting the person by phone.

The lists are downloadable and are usually sent to you in spreadsheet form, which you can then easily integrate with your word processing software to create personalized letters or just to make labels. If you didn't understand that last sentence, don't worry. You can take that same spreadsheet and upload it to a site like Click2mail.com.

When ordering lists, you don't want to bite off more than you can chew. The key to a successful mail campaign is to send out letters or postcards to the same people at least 4-7 times. People need the repetition for your information to register with them. So, don't order 5,000 names if you're not going to be able to mail out to 5,000 people at least five times. Order 1,000 names or 500 names. Concentrate on those people. Get them onto your client list. Then get another 500 names.

Work out your budget in advance so that you are able to make the most of your list of contacts. Yes, you pay a bit more per name for smaller lists (sometimes \$0.15 - \$0.30 per name), but it is better to spend a little extra per name than to spend too much buying more than you need or can get to.

Melissadata is, of course, not the only site of its kind. Two of the larger companies that specialize in this type of information are Dataquick.com and Corelogic.com. Note that database companies specialize in geographic areas, so no single source is everything to everyone. You will just need to ask a few questions at your tax assessor's office to find out if they are using in-house sourcing of information or if it is brokered out to a third party for purchasing like Dataquick or Corelogic. Service and price are comparable for both.

Before you sign up and start ordering records from these sources, or any source for that matter, you need to be aware of all the details before spending hard-earned money for a download or CD-ROM that wasn't quite exactly what you needed.

When you are paying for downloads from sources they can cost as much as \$2 a minute, taking up to an hour to download. That may scare some of you off because of your budget right now, but take heart that other than this course, it is probably one of the best investments you can make for wholesaling properties.

If you go onto Google and search for "List Brokers" you will find that there are hundreds of companies that supply this type of information. The prices are all pretty much in the same ballpark. But some companies have more up-to-date lists or better guarantees than others. (Melissadata has a 100% deliverability guarantee. That means that if some of the addresses are outdated, they will supply you with that many more names to make sure you get all that you paid for.)

When requesting information for Absentee Owners, you need to have an idea in mind of possible areas you want to concentrate in, value of the properties you want to target and the type of properties targeted. If you live in a metropolis of up to 1 million residents, then you can request information on all Absentee Owner properties assessed at the median price of a house in your area and lower but limited to single family homes and duplexes.

To each his own, and some of you out there say you may **never** go into some areas. Fine and dandy, but some great deals in lower property value areas stack up with as much profit as high value areas and it is just a fact that you'll typically find more deals in more depressed areas. People can get real motivated in those areas and you will be able to find properties at obscene prices.

In requesting Absentee Owner information you also need to decide what type of properties you are keying into. As mentioned earlier, you can wholesale **any** piece of property if you can know a little bit about negotiation techniques, and even though you don't know necessarily everything about a type of property, you DO know someone who does — **the buyer!**

If you want to put the largest filter on your search and weed through all properties even though there are some gems that will be filtered out, then here is what you request: single family houses only. It's that simple, but keep in mind, depending on your background and experience as an investor, you may miss out on many opportunities on duplexes. Just remember, your search can be as defined as you want it to be. Focus on what fits your needs best, but just be open and creative.

Even if you don't specialize in them, widening your search to include duplexes, one-bedroom houses, and smaller multi-units, can put you in front of owners that do have what you specialize in. You never know what you are going to come across that will put money in my pocket. If you will open up to a broad search, you will find deals where someone will say:

- “That property you wrote me about on 123 Main St. I’m not interested in selling, but I have this house over on Jackson Avenue that I am.”
- “I received your letter about four months ago and I don’t have anything I want to sell, but my cousin Bill desperately needs to sell a house on Magnolia Lane.”
- “I’ve got that one rented out that you wrote me about, however, my sister just got a job transfer and she needs to sell her house quickly. Can you buy houses that...?”

When and if you purchase tax record information of Absentee Owners, you need to be doubly sure who you are purchasing it from. This is because some of the sources that sell the information update the records monthly, which is the best alternative, however there are some cheapo fly-by-night organizations out there that may update their tax records for an area annually or semi-annually. You simply want the most current information available to you because your response and success rate will be much higher.

You will probably not be interested in the majority of the information that is included in a download of Absentee Owners. You may get information on square footage, year built, size of rooms, etc. Why should you care at the time how many bathrooms are in a house if you don’t know if the seller is motivated to sell? All you care about is owner’s name and the mailing address where the tax bill is being sent to.

Everything else is really not needed at this point because the property may fit every criterion you are looking at, but if the seller is unmotivated then it does you no good. You want to find those owners who are truly motivated to sell their property.

Let’s re-emphasize the definition of Absentee Owner here because many investors get hung up on this concept. An Absentee Owner is simply an owner of the property where the tax bill is being sent to a different address than the subject property. That different mailing address can be out of state but does not have to be. Many investors think that an Absentee Owner lives out of state. You will find that many of your “Absentee Owners” live in the same area as their properties.

Dealing with Decision Makers

When you are looking the seller in the eye, then you are bypassing all of the processes that can involve submitting offers through Realtors for primarily bank-owned properties. Many times, of course, a Realtor will represent a private seller, but most of the time it’s just one more unnecessary step in the process before you hear back from the seller on “yes” or “no” on your offer.

You want to focus on the person who can read your offer and has the authority to tell you “yes,” I will accept your offer, or “no,” not on that price or terms.

The single most important reason that you want to deal directly with the owner of a property is that you want to be their only option. You were the one who contacted them. They were motivated enough to respond to you weren't they? You should already smell some motivation there if you haven't already.

When you are dealing directly with the owner of a property, many times they may not have realized their motivation to sell until you contacted them. Now, all of a sudden, you have raised an issue that they probably have not been dealing with and had put off for one reason or another. In the seller's mind you may seem like the only game in town! Now, that is reassuring and you just may not realize at this point how strong of a negotiating position that is.

One of the first items you need to be aware of is that out-of-town sellers may have a much different frame of reference about the property than you do. They may not have seen the property in years and most probably have not seen the property in months. This is important because there is normal wear and tear on a property, continual maintenance, and most importantly the condition the current or previous occupants left the property in. That means when you view the property for example the seller might not truly know how bad the carpet is after the last tenants overhauled a motor in the living room. (Yes, it actually happens more often than you would believe!)

How do you make sure you and the seller have the same point of reference for the condition of the property? First off, you've definitely detected there is true motivation for the owner to sell and he or she is in the “ballpark” range. With that said, they make provisions for you to access the property either with or without occupants (but most likely without).

One invaluable asset to use at this point is a camera. Take your digital camera or cell phone and save the pictures to your computer so you can email them as attachments, or, better, print out and include them when you mail them your offer.

Don't be shy about taking pictures of properties with overgrown weeds, shrubs, trash in the house/yard, visible defects in the house (like damaged roofs, siding, doors, and windows). You're not trying to have the property viewed in the most favorable light. You want the owner to see the true nature and condition of the property.

Under the circumstances, in dealing with an out-of-town seller you are actually in a stronger position. The seller realizes that, of course, you're not going to visit them three states away face-to-face to discuss the property. They want you to hand

them a nice little package to sign off on and get that property taken care of once and for all.

The postal service is going to deliver that package for you that holds your irresistible offer. The pictures you have taken of the property will accompany your offer in the mail. Your offer will state your "no-brainer, can't lose" price and/or terms with a simple cover letter. The offer will already be signed by you and have post-it notes and highlights where the seller is to sign.

There is an example of the cover letter on the following page, which you can copy for your own use.

Your Name

123 Main St
Houston, TX 12345

123-555-1212

Your Email

Your Website

January 30, 20__

Jane Doe

123 N. Main

Champagne, IL 43222

Dear Mrs. Doe,

From our previous conversation I am enclosing my offer of \$15,000 for your property located at 735 Magnolia here in Houston. This is a net offer and is inclusive of my paying for *all* closing costs (taxes, attorney fee, and title search).

If you are receptive to this offer, then please sign and date where indicated on both copies of the contracts. Keep one copy for your records and send the other back in the self-enclosed stamped envelope.

I look forward to a quick closing. If you have any questions, then don't hesitate to contact me at the above listed phone number and address. Thanks in advance, and I'll be looking for the contract in the mail.

Sincerely,

Your Signature

Your Name

You may receive counteroffers from the out-of-town sellers at times, but on a number of occasions the sellers will sign off on your deal right then and there. Your mailed package of the contract offer is a starting place on the negotiation trail, but you may just have it tied up at the right price on the first swing of the bat. There's nothing quite like receiving envelopes that have been self-addressed back to you in your own handwriting. It means money!

The No Excuse Wholesale Technique

You want to maximize the best use of your time. Wholesaling is a numbers game that does require time and effort to become successful at it. For your advertising and direct marketing to find motivated sellers, you may reach 200 potential sellers, ten who call you, three who seem to have the proper motivation, and one who ends up being a deal you wholesale and make a profit on.

While it takes time to wholesale properties, it may be more of a necessity than anything to maximize the best use of your time. If you are working a corporate job while wholesaling properties on the side, it will become very evident to you very quickly that you can't go running around looking at every property just because someone responded to a letter. You have to get very good at pre-screening sellers for true motivation, doing as much due diligence and research as you can online and to make sure that you make enough offers to get some accepted along the way.

This one technique will literally open up more opportunities for you than any other single game plan in real estate. It's tailor-made for what is important in wholesaling houses. If you are hard-pressed for time but are confident you can be successful in real estate, then read on now and get motivated.

Why This Method Works so Well for Part Time Wholesalers

There is one thing in real estate that all investors have in common — at one time you didn't own any property or hadn't made an offer to buy a house. The point is, everyone has to start out somewhere, and it is rare that someone starts out in real estate investing without initially investing on a part-time basis in addition to another occupation. That occupation may be a job in corporate America, as you wholesale in your spare time, working toward bigger and better opportunities.

The regular 40-hour "work week" is truly a myth, especially when you factor in travel to and from work, along with the overtime needed to keep your boss happy. So yes, it does take some time to stay on top of your real estate marketing program and possibly balance that with corporate duties. You may feel initially all is

going fine and dandy, but finding the time to meet sellers at their convenience is really tough.

Whether or not you have a "regular" job, you want to maximize your time, so getting creative in some ways is a necessity. This is where a strong, consistent marketing campaign can really make the difference in your business.

When you are first starting out, you can waste a lot of time looking for motivated sellers. It's much better to have motivated sellers calling you. Whether you are pressed for time or not, here's a strategy that will make you happy you own a mailbox.

Once you have sellers calling you, pre-screen them over the phone to establish how motivated they are. If the property is abandoned or vacant (and you can do mail campaigns specifically to those types of properties) take a run by the property to get a feel for it. Run your numbers off what you can find in public records, what the seller told you and your own experience in evaluating neighborhoods and properties.

Then make an all-cash offer on the property, mailing a contract to the seller without even negotiating with him or her. That sounds pretty wild, doesn't it? But it sure saves a lot of time, especially if you're extremely pressed. Put in a nice cover letter explaining your contract offer, along with two copies of the contract, both signed by you. Use post-it notes and highlight, if they are in agreement, where they should sign and date, instructing them to put one copy in the self-addressed stamped envelope, and send it back to you and to keep the other copy for their records.

Now, you don't need a bunch of weasel clauses in your contract. Some basic things you need to have is that the agreement is made contingent upon getting clear title and access to the property. You need to have access to the property for further evaluation and to let your rehab buyer(s) see it as well. If you are going to play the game this way, then you do have to know how to properly evaluate the current condition of a property, along with repairs needed. If you cannot get inside to look at the property, you need to be very good at estimating what type of repair costs are needed so you can evaluate the deal adequately.

It costs all of about \$1.50 to put that little package together with postage, return envelope, and letter. You'll be surprised (shocked, actually) when you get those signed contracts back in the mail. If you are dealing with a lot of out-of-town sellers, this program works great. If you can't meet with sellers on their schedule, and even if they live in your same city, then this is an alternative that maximizes your time and still keeps you in the ball game.

After mailing out the contract offer, keep a copy on file and make a note in your tickler or “to-do” list file to follow back up with the seller if you haven’t heard from them by a certain date. Many times when you call and ask the seller if they received your package, the response will be, “You should have that back in the mail to you by now.”

Now, a lot of times, of course, the offer will be much lower than they expect, and that is just the way you should make the offers. Call it lowball offers or call it what you want, but you are into buying properties at a discount. Even when you receive a call back from the seller or call them back and they tell you the offer is not acceptable, well that’s great! At least you’re negotiating, and now you have a point of reference that tells them a price range that will work for you.

Now, they may play ball and make counteroffers — if the initial counteroffer is too far out in left field, then just be congenial but don’t close the door, because you never know what may transpire later. Passage of time can change a lot of things. Depending on your interpretation of the seller’s motivation, there may be a future possibility there. For example, one wholesaler made an initial mail offer to a seller at \$9,000. Well, she was thinking somewhere around \$40,000! They were more than a little off there. They eventually settled at **\$12,000** quite some time later. Don’t let an initial unrealistic counteroffer discourage you when you sense motivation from the seller.

It may feel a bit funny to do business by mail, where you have never seen the seller or met them personally. You will talk on the phone a good bit to make sure things are progressing well on closing, but the rehab buyer will close and fund that morning with the attorney, with the seller coming in later that afternoon, doing just your basic simultaneous close. If you don’t want to go to the closing or drive down to pick up your check, the attorney or title company will mail it out to you. So even if you see a property only once, you can still make money without ever having to do anything else except make a few additional phone calls. It is best to meet the seller in person, but don’t get discouraged that you may not have time to meet personally all the motivated sellers you will be talking to. You can still make substantial money wholesaling properties by just being creative!

Now that you have learned the big secret on how to find motivated sellers of properties that you can wholesale, you are well on your way to making cash and making it fast. There are still many other deals that you will be able to wholesale through a comprehensive marketing plan using bandit signs, flyers, driving for dollars, etc. However, this is the quickest way to get cash from wholesaling properties – by targeting Absentee Owner records. Hopefully you'll be eager to get started to use what you learned about direct mail for wholesaling properties.

Finding Motivated Sellers

Is My Seller Motivated?

Even the most creative real estate buying techniques out there are all absolutely useless, *unless* you are dealing with a motivated seller. Your time as well as the time of others is important and precious so you want to make sure your seller is somewhat motivated.

No matter what methods you use to find your sellers, you just need to pre-screen them a bit to sniff out a deal. This is just a quick lesson that you can use to help evaluate whether or not a seller has potential. Use the following outline to determine if the seller you are pre-screening is indeed motivated:

The Motivated Seller Questionnaire

Property Address: _____

Seller's Name _____

Seller's Mailing Address: _____

Subject Property: _____

(if different than seller's primary residence listed above)

Seller's Phone Numbers (cell, home, work): _____

Establish a Conversational Rapport with the Seller!

Use questions such as:

- Tell me about the house/property? (# of bedrooms, baths, amenities, etc.)
- What do you like most about the house? (least?)
- Why do you want to sell the house?
- Have you had any offers to buy the house recently?
- Are there any repairs needed that you know about, and/or if so what do you think it may cost to get the house in A-1 shape?

- Why haven't you considered listing the house with a Realtor?
- What would you think the house would appraise for if it were in A-1 shape? What do you base that on?
- Would you have an idea of what the house would rent for in that area? Which advertising did you hear about me from?
- Do you own the house free and clear?
- (If No), Would you sell the house to pay off your current mortgage?
- If the seller has a mortgage, ask about the monthly payments — are they current? If not, how much would it take to make the mortgage current?
- What would it take to make it worth your while to sell this house?
- If someone were to pay you cash for your equity, what would you be looking to receive? (Don't get into too much phone negotiating, just get an indication here.)
- If somebody were to buy your house, then how quickly would you want to close? If the answer is "the quicker the better," then ask why.
- Do you have a ballpark range of what you're looking for on the property?
- If someone were to buy your house, would you have to have all your money now?

Let's Go Meet the Seller

You want to meet the seller at the property. Pay attention to your emotions and first impressions with the seller. Over time, you will develop a gut instinct in your dealings with sellers. Keeping tabs on your reactions to people will help you develop that instinct faster.

Meeting the Actual Owner at the Subject Property

First impressions to some sellers are everything. To some sellers if you don't look, act, and smell a certain way, then for whatever reason you might or might not cut as good of a deal as you possibly could. Other sellers could care less if you're painted in polka dots. It's mostly a matter of if you can meet their needs, but at times "showmanship" can come into play and make a difference.

We're assuming that you're wholesaling along the guidelines we've given you and have pre-screened the deal as having potential. Now is when the game begins and you have to learn how to play it like anything else. This means failing also. There should be enough meetings with sellers and offers that you are making that you will be able to look back and always recognize areas that you could have improved upon.

If you want to be so 100% prepared and bulletproof on having a complete understanding of everything in real estate before you make an offer, then be prepared to not get much accomplished or much money made.

You've probably heard about the disease that stops people cold in their tracks -- paralysis by analysis. With some it's always a matter of "when I can learn this" or "when I get to that point... Then I'll start making some money wholesaling properties in real estate." You shouldn't go flying out the door to make deals without doing any studying or research, but by the same token, don't let needing "one more bit of information" keep you from doing deals.

At a certain point, you are going to need to complete your "education" by going out and actually – gasp! – talking to people and doing deals. Yes, you are going to make some mistakes along the way. But you won't get it done hiding from the real world.

You have already learned thus far how to be analytical to a degree. To be successful wholesaling, especially when you're first starting out, it takes a mix of common sense knowledge of real estate and just some "gumption" to get it done. Once you have laid your educational foundation with a game plan, then, to borrow from a corporate motto we've all heard – "Just Do It!"

There is no need to try to be something that you're not when meeting either owners or Realtors at a subject property. But make no doubt about this – from the time you meet, you are negotiating. You already starting negotiating while pre-screening the seller on the phone, but when you meet face-to-face everything you do is negotiation. Your body language and even the manner of your inspection of the property largely determines sometimes from the seller's perception if you know what you're doing. The quality you need to possess and that can be developed is to establish a rapport with the seller keeping the dialogue between you as conversational as possible.

While you should try every way possible to make sure that you cut out all the unnecessary and unproductive conversational aspects in your real estate business on a daily basis, the total opposite is true when it comes to meeting the seller at the subject property. If the seller is in the mood to talk about the weather, football, or politics (well, maybe) then be all ears. You need to develop a conversational

rhythm when talking to the seller. While you're walking through the house you may be writing and calculating how much paint would be needed to do the inside of the house while at the same time listening and confirming with the seller that indeed it is a hot day and we sure could use some rain. Call it charm or charisma, but if you have this attribute or can develop it, then gaining a personal rapport with the seller is like negotiating the price down right there.

Marketing Your Deals

Buyers and Sellers are Waiting for You!

Get ready to dig into this information and learn! You need to have a system in place that allows you to communicate with your list of buyers that is quick, time efficient/non-labor intensive, and cost efficient. Make no mistake about it, that the marketing system you set in place to let your buyers know about deals will be the heartbeat of your business.

There is a great thing about wholesaling properties to different buyers in that many work off of different profit margins. What one would see as a marginal or bad deal, the next buyer would perceive as a great value. How does this concept relate to your marketing system and success wholesaling properties?

Just because one buyer perceives a property to be marginal doesn't necessarily mean it's a bad deal. Beauty is in the eye of the beholder, and that is definitely the case in real estate more than you can ever imagine. One buyer may look at the property you brought to them and figure in their minds all of the work that they would be able to do themselves and with the great terms you have built into the property (or cash price) they perceive it as a bargain. The next buyer may just be too value-conscious for you to make a significant profit and he'll pass on the deal.

In both instances above, you will never know unless you get your subject property in front of the masses of buyers. Real estate Guru Ron LeGrand said it best when he said:

"Some Will. Some Won't. So What?"

The great thing that you need to realize about having your marketing system set up is that most of the information will be there for the investor to evaluate the deal without having to interact with you personally. It will let the buyer know a ballpark range of what the terms or price of the property is and let them do a little research on their own before you commit to meeting them at the subject property.

In negotiating with many sellers, at times both sides felt they negotiated and did the best they could to make a deal, however an objective evaluation revealed it to be a marginal or at times not even a marginal deal. If you are sure that this is the best price that the seller will give, don't be shy about saying that the deal is too skinny for you but that you will write up a contract contingent upon financing or securing a buyer.

Once you are up and running, you will be sending more than one property at a time to your buyers. If this is the case, it is no more cost intensive to include a deal that you found to be marginal. You may be able to wholesale that marginal deal at a smaller profit, like \$500. But it didn't cost you anything to market it — you just stuck it in your system and when you think about it, a lot of people work a 40-hour week to make \$500. Those smaller paychecks add up. It may be nothing to write home about, but at the same time it's not chump change, either.

You will make money quickly and consistently if you have your marketing system set up adequately. In fact, if you are consistent in getting your message out to your buyers you will soon find them "bugging" the heck out of you for more properties they can buy. This is a problem that you want to have. In addition, word spreads quickly between quality investors and you will have others begging to be added to your list of buyers to be notified of deals. You will find your buyers' list grows by leaps and bounds once you have set up your marketing system.

The Best Way to Set Up Your Marketing System

It will take some time and effort outside of these tips to set up your marketing system. We'll go over the basics of what you need to do in order to get your subject properties in front of your potential buyer's face as soon as you can. Here is the goal – 15 minutes! When you have the information readily available about the property that you have ready to wholesale, then in 15 minutes it needs to be communicated to your buyers.

You have to have a computer system in order to market most efficiently. If you aren't working with a computer, you aren't in business. Can you wholesale without one? Yes, of course. But it's like trying to win an auto race with a horse. He may eventually get around the track, but it would be a lot better if you were riding in something with a motor. So, don't handicap yourself. You're in business and you need to keep up with and use the latest technology available to you.

The concepts of how to wholesale a property from start to finish are all in our publications, and an individual can do it from A to Z with just a few select buyers. In fact, you may even decide that your marketing system to your buyers is nothing more than a five-person listing in your black book.

But for those of you who are really interested in wholesaling a number of properties and want the highest success rate possible on deals you tie up, then here is where it starts to really get fun. You want to get the message out to your buyers that you have a deal so hot that by the time they receive the message it may be too late, so they better call you right now to get more information.

The best way to describe the type of marketing system that you will implement is that it's a lot like fishing. You see, if you throw one line in the water you have a certain percentage chance of catching a fish. That's fine if you're fishing for relaxation.

Have you ever seen the long lines commercial fisherman throw out? They have hundreds of hooks out there at a time. You can bet their chances of catching fish are a whole lot better than the guy with one line out.

The same concept applies here in your marketing system in that your success rate wholesaling properties will be significantly increased in direct proportion to how quickly your message can go out, and how many types of media you use to inform your buyers. That last factor will account for how many buyers you send the message out to.

If you so decide to set up an effective marketing system, you will need to own or have access to the following:

A Computer with Word Processing Capabilities

You don't need anything fancy here. Just something that enables you to write a short one-paragraph description of your subject property.

A Printer

You can send out thousands of letters/postcards without touching a piece of paper – online! But if you don't have online access, then this is a "must have."

High-Speed Internet Access

If you don't want to mess with letters/postcards then this is another must.

A Fax Line

You don't have to send out fax announcements of your subject properties, but with e-mail becoming so popular, sometimes the old-fashioned ways get people's attention, so you don't want to miss this opportunity to contact a buyer. If you choose to do so, don't start thinking about sitting at the machine manually doing the same thing to your many different buyers. There's a much more efficient way. Remember, 15 minutes start to finish, and your message is out there to your buyers.

An E-mail Address

People need a way to contact you. When you send out an e-mail, all the other person has to do is hit "reply" and type in their message. They don't have to look up your phone number or address. This is immediate feedback sometimes from buyers wanting to do the deal right there. Once you get a good rapport with your buyers and you say, "this one's great, don't miss it and give me a call" — they start taking what you say to heart.

A Business Phone Line

You may be thinking, "Who hasn't got a phone line?" You're going to want a phone (land line or cell) that is capable of sending out mass messages. So the old black rotary dial sitting in the hall might be ready for an upgrade.

Now, that's not a whole lot of equipment, and more importantly, you probably have it already. Let's move into how to best use these tools to get the word out about your properties.

Marketing Methods

The Good Ole U.S. Mail System

Things aren't the way they use to be with our standard mail service from years past. This is especially true when you are talking about combining our postal delivering capabilities along with online opportunities. Our goal is to distribute our entire marketing message out there when we have a tremendously great deal and to accomplish this in 15 minutes. Using standard mail is still extremely effective and is only one of the methods outlined here.

Let's just take the standard mail system alone and address the questions of how you can:

- Write the article/description of the property.
- Print out the description to your buyer list.
- Fold and stuff descriptions in each envelope.
- Address each envelope.
- Then take to the post office in much less than 15 minutes.

The answer is you can't! Who cares, anyway? If you have online capabilities, then this is a snap. If you don't, then you can still get the same results; it will just be more labor intensive. However, if you have online capabilities, then consider the job done with a site such as click2mail.com.

Click2mail is an online service that allows you to design your own letters, postcards, flyers, booklets – you name it. You upload your mailing list to click2mail, and they merge the marketing piece that you designed with the mailing list, print it, and send it out.

Yes, there are other online services that do this, too; for example, vistaprint.com. Doesn't matter which mailing company you use, having an online mailing capability is an awesome weapon in your arsenal for communicating with your buyers. The bottom line is that it is extremely effective, cost efficient, and leverages your time effectively. Those are qualities that you want to center your operation around when wholesaling properties.

Take some time to explore your online options. Once you've sent out your first marketing piece, you will have a feel for the way the site works. There's a lot of power in being able to write a letter or postcard and send it out to your list that day without leaving your office.

Letters

You can mail a regular black and white letter of 8.5"x11" first class rate or standard rate for not much more than the cost of a stamp. That INCLUDES production costs and postage and this type of letter is sufficient to get your message out. It doesn't have to be two-side color copy with fancy graphics. If you have a medium to large buyers list (anything over 25 names), then it simply is most effective to concentrate on the message. You can do a sendout for one property or for a dozen. Basically your description on this page may go something like:

Your Wholesale Real Estate Newsletter

Date Goes Here

Your Name - 555-1212 - If you don't call me now on these, it may already be too late! Financing lined up? If not, let me know because I am the bank! Forget Realtors, I have all the deals!

823 Mariana - 1050 sq. ft., 3 bdrm/1ba. Great Section 8 rehab, \$26K, \$8K repairs needed, \$50K comps. This one will go quick!

1837 Magnolia - 2 bedroom 850 sq. ft. House is in great shape with no repairs needed. Built in financing on this one! \$1,500 down, \$425/monthly payment includes insurance, 5 yr. Balloon with \$45K payoff on this \$55K appraised now property. \$575-\$625 average rent. No Credit Check! If you have the green, then you have the deal!

405 38th St - 1225 sq. ft. duplex needs major repairs. \$8,500 with \$15K-\$18k repairs needed. \$48K-\$52K comps. Keep as duplex or convert to single family.

727 S.W. Phillip Lane - Great neighborhood for retail flip! This 3/2 has nice fenced yard but outdated on inside and minor cosmetics outside except new roof needed. \$85K comps and with repairs and purchase price you can buy and have fixed up for \$58K. Your financing is already here with \$3,000 total down which includes closing costs. Big payday to retail flip this one. You do the math! May already be gone but give me a call soon.

You can tell that it just takes a little creativity to spice up your description of a property, and you'll get more buyers calling than you ever would have imagined.

You can keep this one page advertisement as a document to submit or import into the USPS mailing system. Once you have it written, then just follow the steps and submit with your database of buyers, and it's really only a few keystrokes away from mailing to as many individuals as you please.

It may take a little time to get your account and system set up with USPS, but after you get through the first one, then it literally may take you only a few minutes to add/modify your mailing information and import your database of buyers to send out letters — minimal cost and hassle with maximum effectiveness and efficiency! This is called letting technology work for you, and it should fire you up. Bet you never thought you could get excited over some service from the US Post Office.

Postcards

Now if you have only one or a couple of houses you're wholesaling, then using the postcard selection on USPS website may be more economical for you. You can mail out a 1st class postcard announcing your great deal for approximately half of what it costs to mail a letter and that includes production AND postage. Wow! Now, the same concept applies as with letters. It's not that difficult to describe your deal, keep it upbeat, and all within a couple of sentences. You want to entice them enough to come to you for the rest of the specifics on the deal.

Fax Your Way to Payday

This is just another great weapon to have in your arsenal so that you can fire out the property information to your buyers on the great deal that you have. This is an extremely cost efficient medium to get the message out to your buyers as soon as possible.

Let's say you have a list of over 200 buyers. How long do you think it would take to stand at the fax machine and fax a one-page document to everyone? Who has the time for that, much less the patience? There is a better way.

How you handle your fax message depends mainly upon your system. You want a fax machine that will store a database of fax numbers. About a third of your buyers will have a fax number available and some of those calls will just not go through, and the fax will bounce back because their line is dedicated for something else, internet tied it up, or the fax machine is out of paper or just plain broke.

On the other hand, you can put in your info sheet, press a button and have a fax go out to your list. Who cares if a few bounce? If you do not have a fax available, check out www.freedomvoice.com or similar services that will provide you with a business phone number, fax abilities, and voice blast capabilities.

Pictures on Your Fax?

This is pretty much a side note here, but it's an option that you can put pictures on your fax of the corresponding properties you are wholesaling to send along with the description. Some people won't like having the pictures coming through on their fax – they'll complain that it uses too much ink. That's okay. Take them off your fax list and put them on your email list. But you need to know this right now:

Pictures Are Very Effective!

It is not absolutely imperative that you have a picture of the subject property when you fax the information out to your buyers. The fact is that it can be a very strong part of your marketing message. In addition, the transmitted pictures can be dark and unreadable at times, depending upon the quality of system on the recipient's end. Just a rule of thumb though — the larger the picture you can make when faxing means a better quality picture on the recipient's end.

E-mail: Your Instant Messenger

There just simply is not a more efficient and rapid way to get your message out to your buyers. Literally within minutes of sending out information on properties, you will have them sold, sight unseen. The great thing about e-mail is that advertising costs are reduced to zero.

Before we get much further, just make sure that whoever you have in your database actually wants to receive wholesale deal information in e-mail format. It's bad for business, and you could possibly get in mucho trouble with your internet provider by sending out unsolicited e-mails again and again. If someone says they no longer want to receive e-mails from you, take them off your list immediately.

What is the message and how do you get it out? The information listed in the direct mailing example is really all you need with that two to three sentence summary. Remember that most likely we're not selling a 3000 sq. ft. ranch style house sitting on six acres (but not entirely impossible!). A few sentences structured in an upbeat description will be more than adequate to pique the interest of the buyers who are interested in fixer-uppers.

Now since you probably already have an e-mail system set up, it's just a matter of using it. This part isn't rocket science — just a simple step-by-step process. There are many different e-mail systems out there, each with a different "look." First off, set up your list of pre-approved buyers' e-mail addresses as a separate group in your e-mail system, or you can have them in a text document where you can use

the copy and paste features. When you send out your announcement or advertisement, their e-mail addresses are placed in the BCC (blind copy) field. You want to protect the integrity of each buyer so the others on the list don't see who they're competing with. You also don't want anyone stealing your list. This step will take all of about 10 seconds to complete in my e-mail system.

The next step you need to complete is to import the body of what you are communicating to send out describing your properties. Simply cut and paste the same "body" from the earlier example from a Word document (used for the fax) into an e-mail message. The preceding and following information will change some depending on the medium used whether it's standard mail, fax, or here with e-mail marketing. The whole process takes maybe 2-3 minutes!

The truly great thing about using e-mail to advertise properties to your buyers is that you can also send pictures of the property! You only have so many words that you would want to use to describe the property in your e-mail, but when you send a picture, it really is worth a thousand words.

There are a few tricks of the trade here when advertising using email and sending pictures. You don't have to be a computer genius; the process is quite easy. Here are a few simple steps.

First, you need a digital camera. These come in all shapes and sizes. In fact, you probably have one on your cell phone. Whatever mode of digital camera you use, you must be able to import the picture from the camera onto your computer. When you meet a seller at their property, take a head-on outside picture of the property whether you start the negotiation process or not.

When you get that contract squared away with the seller, then you already have your picture ready to go. You've got a digital camera (or access to one) and you have the picture ready to import as an attachment along with your e-mail marketing message. If you have 1-3 properties that you're wholesaling, then you probably can send the pictures as an attachment. An attachment is just a way to send a document along with your e-mail. When you select "attachment" to send with your e-mail, then you just attach the picture from where you have it saved on your computer or your attached camera.

Now, if you're wholesaling a number of properties then you need to have a different approach in your e-mail simply because most e-mail systems will not allow you to attach more than three pictures or so, depending on the file sizes. If you need to send more than three pictures, that's a good problem to have! So how do you do it? The answer is www.winzip.com.

To most of you online users out there, this is not an earth-shattering revelation because the process is pretty simple. But if you aren't familiar with WinZip, these simple steps will turn you into a pro at this in no time.

A WinZip file does nothing more than compress the information and make it easier to send out to your recipients because it simply doesn't take up near as much memory from your computer. Sometimes, even one picture file is too large for an e-mail system to send out. So you just compress the data with WinZip and then attach the file and send it out with your marketing e-mail.

This is an easy process, and unlike a lot of software, WinZip is very inexpensive and easy to install. Simply go to www.winzip.com, and if you download the traditional version, it will be sufficient for what you need it for — compressing data for pictures.

In your e-mail marketing message, you will have the written descriptions of the properties listed. When you attach a WinZip file of the pictures, then the last part of your e-mail should read:

"If you want to view pictures of the properties corresponding to these descriptions then please use Winzip to view this file attachment. If you don't have Winzip then simply log onto www.winzip.com. The program is inexpensive – about \$30 right now and it is a tool that you will use over and over again. The program will take you through the steps needed to view these great deals that are literally at your fingertips right now!"

The above information may take you some "figuring out" to get everything lined up and have a quality e-mail marketing system to reach your buyers. In the end though, even if you are taking the time to compress pictures into WinZip files, it will take you all of five minutes or less to reach all of the buyers in your database.

Lastly, you must know that there are many readily available mailing software programs out there that you can buy. If you're looking to store e-mail addresses of your buyers and send out a newsletter very efficiently, then check out www.reiclub.com/email.

Whatever system you choose, using e-mail to market your deals for wholesaling properties is a must-have feature.

The cost of advertising to reach your buyers is zero, and it takes you five minutes or less to complete. Having your e-mail marketing system set up takes you from an average wholesaler to being truly lethal!

Telemarketing Your Wholesale Deals

You can use a regular phone system to wholesale your deals. The cost effectiveness of this approach is just tremendous and if you're into making money quickly, you shouldn't live without this approach. If you've come this far in setting up your marketing system, you may be thinking, "I've got regular mail, fax, and e-mail and that should be enough so why should I use a telemarketing approach?"

Surprisingly, you will get just as many responses from your telemarketing sendout as you do from your e-mail messaging. Fax and mail are very effective, but don't miss the opportunities that telemarketing offers.

For most of us, the word "telemarketing" raises a few hairs on your neck. Who hasn't received those calls right in the middle of dinner or at 11pm at night? The difference here is that your buyers WANT to hear from you and they welcome your message with open arms.

Telemarketing to your wholesale buyers is very, very simple. If you have an extensive list of buyers, and you should, then do you have the time, for example to call 200 individuals? If you do, then you should be arrested for having more free time than the law allows.

There is no way around it — when you set up a telemarketing system to reach your buyers, there will be costs involved. You can buy a simple telemarketing machine that will record your message and will conduct announcement style format or whatever way you want to record your message to your buyers. It's very simple because all you're going to do is record your message and press the relay or message function. Your machine will automatically start calling the numbers you have programmed into your system. Here's an example of a message to use:

Hello! This is (Your Name). You know, the guy with all the great deals. Well, I have a few you may be interested in and I am just now advertising these. You may want to get a pen and paper to write down these addresses.

3807 Waldorf - Will appraise in low \$60Ks all fixed up and I'm selling for \$31K with about \$8K-\$9K in repairs needed.

53 W. Pimbrose - If you need a real fixer-upper, then I've got it here. Major repairs needed but also a major bargain. \$8,000 for this two bedroom - will go quick!

Remember that I can even line up financing for you, so go by and look at the properties from the outside and give me a call soon. If you have any questions, then give me a call, but if you want to schedule an appointment, please look at the property first and then get ready to make a great deal!

A telemarketing machine will cost you \$100–\$150, and there are all makes and models out there, so pick and choose whatever works best for your budget. Most any basic telemarketing machine will do the trick. Don't get caught up in advertisements and claims that you need all the bells and whistles and a machine that can work off ten different phone lines with the capability of calling a million people a day. The most basic system you can buy is economical and can reach the 10–200 buyers you have.

There are many telemarketing companies out there that have this service, but FreedomVoice.com provides a great telemarketing service at a good price. Instead of having a machine record and send out the message, after you set up an account with FreedomVoice, then reaching the masses is really easy. You can record your message and give them the database of phone numbers you want it to call, and their system does all the rest. This means no machines, additional phone lines, and other headaches. This is a great approach to take for maximum efficiency and minimum cost.

There is one downside to using a machine-type telemarketing system, and that is that it does tie up your phone line for a while. If you have a line dedicated solely for your business (which is an added expense), you might not mind having your line tied up. But wouldn't you hate to be sending a message out to 200 people and ten people who got the message first can't get back to you because your line is tied up? So the system you use depends on your personal preference.

But here's something that will tip the scales. It will take an average of two minutes per number to do the sendout which can be up to five or six hours to complete a round of calls. Even if each message only took a minute, you're tying up your business or personal line for over three hours. This is why FreedomVoice (and other comparable companies) beats a manual machine tied to your own personal line.

Just a word of caution here: be sure to use your telemarketing phone system only during normal hours. If you start the message send out between 9 am and 10 am, you should be through the list in plenty of time to not disturb people at odd hours.

Your buyers will love this system. People already know that you are giving them great information on a no-brainer deal. It's very rare for someone to ask to be removed from a wholesaling telemarketing list. Usually it is because they are leaving the business. Investors love to hear about deals and the faster you can get a good deal to them, the better.

Let's Put It All Together

Do you truly understand how awesome it is to implement your very own marketing system? Communicating with your buyers' list is the heart of your wholesaling business — almost anyone can wholesale a flat-out tremendously great deal once you tie one up. However, the system we have just outlined will enable you to wholesale deals very quickly and even to wholesale deals that fall in the marginal to semi-good category.

This system will enable you to make significant money overall on properties that you may not be too optimistic about initially. Because you are using a low- to no-cost system, you are able to market the marginal deals without having to watch your pennies. Remember, investors work off all different types of profit margins and this works to your advantage. You'll often never know what those profit margins are until your buyers hear about your great deal.

If you were expecting some "magic" program that required no work on your part, then this may be a disappointment to you. However, if you are serious about making great money wholesaling properties then this information on setting up your marketing contact system should get you very excited. Of course, it's going to take some trial and error for you to understand, implement, and tailor the system for your own use, but once you've got it, you're in a class that probably no one wholesaling properties in your area is in.

Let's review the marketing mediums you will use to set up your marketing system:

U.S. Mail

This is the more costly approach but is instantaneous in getting your message mailed the same day. Your message can be mailed to all the buyers you have and the great thing about it is that it can be done online and totally "hands off" - no stuffing envelopes/letters! Depending upon whether you're using postcards or standard letters, it doesn't really matter because you just type your marketing message description on each property and let www.usps.com do the rest.

Fax Broadcast

You can actually spend some money on advertising to your buyers through this medium, but it can literally be pennies per copy sent. Depending upon your home fax system though, you can also just send the faxes to your buyers from home with pre-programmed fax numbers. The message that you fax can give the descriptions of the properties or can include corresponding pictures of the properties.

E-mail Broadcast

Don't miss your opportunities here, but just make sure your recipients have allowed you to send them information. The same general description information will be in this marketing message medium, and you can also attach pictures. If you get more than three pictures of properties you're wholesaling, then use a WinZip file to compress and send out more pictures so your recipients can get a general idea of the property and whether it has that "look" they are seeking. This method is instant, no cost, and the attached pictures are worth a thousand words.

Voice Broadcast

Yes, it does cost some money to buy a phone announcement machine: \$100-\$150. Yes, it takes a little longer to get your message out to all your buyers. And finally, yes, it may take a different dedicated phone line if you make a number of announcements each week and don't want your personal line tied up.

The better approach is to go with an online phone announcement company in which you can adjust your database of buyers and recorded message, hit the "send" command, and your message gets delivered pronto! With that said, go and get a telemarketing system implemented because people are mostly connected with the phone on a daily basis.

At some time people will check their email, their fax, and the standard mail, but most everyone has a phone number that people use if they want people to reach them in a hurry.

All right, are you now starting to see the light? Are you starting to get not just a little excited, but really excited about wholesaling houses? You should, because having this marketing contact system is like money in the bank.

Marketing Other Properties To Get Paid

If you set up a contact system as outlined in this book, then you have money right this very minute! That's right, you have money you didn't even know you had. Some individuals in real estate have a "me versus them" approach with other investors/buyers and absolutely nothing could be further from the truth.

So how can you profit by having a wholesale marketing system set up and using it to network with others?

This is a very important section, and it is set apart from the section on implementing your wholesale marketing contact system so you can understand the need to key into this nice little profit center.

When wholesaling properties, you will and should come in contact with a number of individuals and you should always be trying to cultivate and grow relationships. The payoff on part of that comes when you find out that your services and skills can complement others and vice versa.

Let's examine how this relates directly to your wholesaling and we'll see that the name of the game is the same. You want to match up Sammie Seller with Billy Buyer. Did you know that you can "co-op" on deals with other investors? Why would another investor want to bring you in on his deal? Because you can get the property sold, and they know that!

On marginal to great deals, if you and the investor can agree on a contract, contingent upon you being able to view the initial seller/buyer contract and producing an additional contract between the two of you, then there is significant money to be made.

A word of caution here, as contractual structuring of this type is outside the scope of this book. You should seek competent legal advice before progressing full steam ahead. The point is that many individuals will and should come to you wanting to co-op on deals just because you can take the exact pulse of the market within 15 minutes.

An MLS listing, classified advertisement, calling everyone in a black book, and sending out smoke signals all combined cannot get the type of exposure and quality feedback to quality buyers that your communication system does. And those networked with you will realize that and will pay for that type of service.

Usually, your co-op deals will be with people with whom you have a personal relationship and a track record of success. Dealing with one more element in the

wholesale process can complicate things. So, you may want individuals to pay you a flat fee off the top just for advertising.

Depending on the size of your list, you can charge up to \$300 or more to advertise the deal and it will take you all of about 15 minutes and about \$75 to reach a 200-investor base. You would net \$225. That comes out to \$900 an hour which beats minimum wage. If you start gaining confidence and can co-op on deals then you should make considerably more and the great thing about it is that you didn't even find the deal. The deal found you.

What about a co-op deal where you promote the deal and close the deal, splitting the difference of the seller's and buyer's price as payday? What keeps your co-op partner from going directly to the buyer you found and introduced the partner to? Absolutely nothing, and if you start getting into that selfish mode where you feel you should control who your buyers do business with, then you simply will not be as profitable over the long run.

Buyers don't buy from just one wholesaler. While you don't want to give out your buyers list to all your peers and competition by any means, many deals will get done between individuals whose business relationships you help to foster. It all comes around. Wholesaling properties is a "people" business of networking for continual success.

In this business, it all comes back to you and the relationships you build, so share information about your contacts when you see a profit in your future today, but also do so to grow your relationships for tomorrow.