



Introduction to Wholesaling Real Estate

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electronic or otherwise, without written permission from the author: Flipping Real Estate Like the Pros.

Why This Boot Camp is Like No Other REI Training You've Been To...

The Learning Circle



What Has Prevented You from Starting Your Career in Real Estate Investing?

“Your adversity is your _____ . Your past has built _____, not wounds.” – Darren Hardy

What is Wholesaling?

Finding either a distressed property or an owner in a distressed situation that needs to sell and get _____. In most cases, those looking for fast cash are forced to sell at a discounted rate for such a transaction. By securing these properties at a lower price point, you create the ability to add a _____ in the middle, and then resell to a fellow investor that will either rehab and retail or landlord the property.

And yes this can be done without using your own cash. We call it FLIPPING PAPER.

Some Misconceptions...

- Real estate investing is super _____
 - However, it is very _____

- I can do this with _____ money

- There's no way I will lose money doing this

- Anyone can do this

WRONG - WRONG - WRONG!!!

What You Will NOT Learn Today:

- How to Set Up Your Business
 - LLC, S-Corp, C-Corp
 - EIN
- CRMs
- Automation
- Cold Calling
- Virtual Assistants
- Website Traffic
 - SEO (Search Engine Optimization)
 - PPC (Pay Per Click on Google/Bing)

What you will learn:

- Contents of my _____ kit
- Marketing for _____
- How to _____ deals
- How to _____ with Sellers
- How to fill out _____
- How to Find Buyers
- How to Find _____ Title Companies

Investor Kit

These are some of the tools a professional real estate investor should carry with them at all times.

Contents of the investor kit:

- camera
- flashlight
- lock _____
- blank _____
- business cards
- postcards
- pen and paper
- insect repellent
- hammer
- power _____
- long nails/screws
- first aid kit
- antibacterial soap
- Gloves
- Possible Change of _____

Dress code:

- work _____ or tennis shoes
- jeans _____
- polo or _____ shirt

Marketing For Leads

Before we get into the different marketing strategies it is important to narrow your search, this can be your _____ or farm area.

Target Area

The easiest way to determine your _____ area is to know what your buyers are looking for and what their exit strategy will be. If your buyer's goal is to rehab then retail (fix and flip), you will want to target a neighborhood with higher resale values, desirable areas usually considered safe to raise a family, places of employment and/or interest. If your buyer's goal is simply ROI (return on investment), then they are open to lower income neighborhoods where housing is at a lower price point and considered rental areas.

The second part to target area is to target places that are convenient for you. I suggest you start farming for buyers and sellers in and around your neighborhood or around where you work.

Sit down with your buyer (ME), and figure out what THEY want.

****Tip****: _____ construction homes are more desirable and more valuable in today's market than wood _____ frame homes. There are exceptions to this rule such as areas that are historic or considered "eclectic".

My blueprint to finding properties:

- _____ signs
- Postcards
- Driving for _____
- Door Knocking
- Mail _____
- Bird dogs/Property _____
- Networking
- Vehicle

Bandit Signs

Dollar for dollar bandit signs are the _____ form of advertising you will ever use. (But can get very expensive Depending how many you put out). Although I have seen them made with many different materials, I personally use coroplast, 18x24 with 30” stakes and 12”x18” stapled or zip tied.

The cost for 100 18”x24” blank signs will run about \$225-250. This price includes the 30” stakes.

I buy my signs at Good Guy Signs located at 1400 E Hillsborough Ave in Tampa or through their website at 813signs.com. Pricing for printed and variable sized signs are on their website. I also buy my signs from

www._____cheapsigns.com when I buy them in bulk (1,000 or more).

For a staple gun, visit SignStapler.com and zip ties search Google for 32” ties.

Usage:

- budget
- 30-40 sign minimum
- farm area (target exits)
- highway exits (all directions)
- busy intersections (do not last as long)
- within the neighborhoods use 12x18 signs and 18x24 at the exits

Time:

- Friday LATE night (weekend traffic)
- Sunday night (Monday work traffic)
- repeat/replace: Tuesday or Wednesday night

****Note**:** Make sure to track the results and life cycle of your signs (impact and longevity). Must be _____ in placement and _____ of signs.

QUESTIONS???

Driving For Dollars

There are two _____ to driving for dollars. One involves only driving and another requires getting out of your vehicle, which is also known as “door knocking”.

The purpose of **driving for dollars** is to locate distressed _____ from your vehicle. Gather information on properties that you believe someone would want to sell. Some examples would be houses with FSBO signage, _____ grass, vacant, boarded up, broken windows, need obvious repair, roof leaks (blue tarp), etc. Once you have gathered your data start a _____ campaign. Set a goal of getting 15-25 home addresses per hour.

Door knocking is similar to the above. Only with door knocking you are getting out of your vehicle, meeting the _____, and letting everyone know what you do. The more people you speak with, the better your chances are of having a successful trip so be personable. You are still going to gather data, but in this case a lot more of it. Talk to the community and plant the seed that you are there to buy houses. Hand them a business card, flyer or postcard, offer a _____ fee (\$500) for any help that leads to a purchase and get them excited to help you find houses. If someone is not home, leave a postcard or flyer on the door. And because you are spending time with the community you will find homeowners in distressed situations, not just houses that appear to be distressed.

Driving For Dollars – targeting distressed houses
Door Knocking – identify distressed homeowners

Details:

- map out your area, have a plan – use Google Maps!
- keep thorough notes, _____ everything
- take pictures

Create a spreadsheet. At minimum you will need to document the property address, condition of house, vacant or occupied, actions performed at the house and any other important notes. An additional tip would be to have a time column in your spreadsheet. While taking pictures turn on the time stamp feature that most cameras have. At the end of the day you will be able to match up pictures with the time you viewed each property.

****Note**:** Target your farm area two _____ times per day and possibly over the weekend. You want to reach people who are not working and people after they come home from work. This is another good reason to keep a time column in your spreadsheet.

Hillsborough County:

<http://www.hcpafl.org/Home>

Pinellas County:

<http://www.pcpao.org>

Pasco:

<http://appraiser.pascogov.com/>

QUESTIONS???

Post Cards

Post cards are a multipurpose marketing tool. These can be used in your direct mail marketing, while door knocking and driving for dollars. I recommend when you're meeting with neighbors in the community that you have postcards to hand them along with your business cards. People throw away business cards, but they tend to keep postcards around for whatever reason.

By stapling a rubber band to your postcard, you can now use it as a door hanger instead of having to buy expensive real door hangers.

You can also use postcards while you're out prospecting. You can put them on cars at these locations:

- Re-employment offices
- Code enforcement
- Sporting Events
- Local Hot Spots (think grocery stores)

Postcards will also be paramount to your success in _____ Mail Marketing.

****BONUS****

FLYERS

- Pin Up Boards
 - Grocery Stores
 - Laundromats
 - Coffee Shops
 - Breweries
 - Gas Stations

Mail Marketing

Mail marketing is all about the numbers, the more mail you send, the more calls you will receive, which give you greater odds of landing a deal. My goal is to try and secure at least one deal per two thousand letters sent.

The buzz in our industry for years has been the use of yellow letters. I hear this at every REI meeting and on REI forums. Yellow letters are effective and work, (I know because I've used them.) but the average cost to produce these are twice as much as a standard size envelope with a printed letter inside. A yellow letter will cost roughly \$1.00 per, compared to a standard letter, which cost roughly \$0.75 per and postcards \$0.50.

I personally prefer the latter and go with standard letters. Not only is it more cost effective, but also I believe there are tremendous benefits to branding my letter. It shows that I am a serious business. It highlights my logo in color and my little guy is unforgettable. Once I repeat my campaign the homeowner will notice that brand over and over again.

Whichever type of letter you decide to send or list to market, it is all about testing. Send your letters at different times of the month, change the verbiage

and track results.

If you decide to follow my model, use collectable stamps and handwrite everything on the envelope. This will increase the odds of your letter being opened.

Types of lists:

- driving for dollars – door knocking
- _____ owner (in and out of state) with high _____
- Code enforcement violations
- Probate
- Free and clear
- Pre-foreclosure
- For sale by owner (FSBO)
- Divorce
- Evictions
- Quit claim deeds

List sources:

- Listsource.com (8-10 cents per)
- Property appraiser's office (\$60 CD or download)
- Foreclosuresdaily.com (probate and pre-foreclosure)
- Title companies
- Flipthisrealestatelist.com – Erik Torrente

Repetition:

- _____ mailing campaign every 30-45 days
- plan to do this _____ times per list
- rotate days of the week mail is sent
- _____ between postcards and letters
- use different verbiage on repeated letters

****Note**:** I send my mail campaigns on Saturdays, as I want the phone to start ringing on Monday. Because my family time is valuable I try and avoid phone calls over the weekend.

QUESTIONS???

Bird Dogs/Property Locators

A bird dog/property locator is an individual that will provide you with _____ for a fee. The bulk of my success with bird dogs/property locators has been through their use of driving for dollars/door knocking and bandit signs. Of the marketing techniques above, teach those.

Here is what I pay:

- address only \$250
- seller information \$500 (name, number and address)
- \$1,000 if they've set an appointment
- % of profit depending on how much they do (negotiating and signing a contract, etc.)

Where to find bird dogs:

- Craigslist.org
- REI meetings
- Job _____
- Co-workers
- Family
- Neighbors in your farm areas
- Tenants

****Note**:** You only pay bird dogs/property locators if you're able to purchase the property!

QUESTIONS???

Networking

I know this one sounds like common sense, but as simple as it is a lot of people do not do this.

Get out there! Attend business gatherings, REIA groups, Meet-ups, family functions, tell friends, meet Realtors, lawyers and more. Let _____ know what you do! In today's economy there are plenty of people underwater that need your help and need to sell fast.

Vehicle

Your vehicle can be your moving _____ . You can do full vehicle wraps like the picture on the right, or you can use vinyl decals like the picture on the right. The choice is yours, but I highly recommend you do this if you own your vehicle. Do NOT do this if you lease your vehicle.

QUESTIONS???

RING RING

- Have your lead sheet ready
- Be courteous and _____
- Build _____
- Listen
- Set timeline expectations and meet or _____ them
- Get to the PROBLEM, establish _____ or WANT

QUESTIONS???

Seller Call in Lead Interview Sheet

Lead Source: **Letter** **Postcard** **Sign** **Door Hanger** **Internet** **Paper** **Other** _____

Contact Person: _____ Phone: _____

Property Address: _____

Email: _____

Do you currently live in the home: _____ How Long: _____ Style of Home: _____ Sq. Feet: _____

Unit 1: Bed _____ Bath: _____ Rent: _____ Unit 2: Bed _____ Bath: _____ Rent: _____

Unit 3: Bed _____ Bath: _____ Rent: _____ Unit 4: Bed _____ Bath: _____ Rent: _____

Garage: _____ Lot Size: _____ Special

Features: _____

Any Repairs Needed: _____

Repair Cost \$: _____

Is the Home Listed: _____ Price: _____ How Long: _____ Any Offers: _____ How Much: _____

Realtor: _____ Phone: _____ Listing Expires: _____

Motivation & Price

It sounds like a beautiful house/would be a beautiful house – Why wouldn't you just keep it? _____

What are you looking to sell the property for? _____ Is that price flexible? _____

How did you establish that number? _____
If I can offer you cash and close quickly what is the best you can do? _____
Can you do any better than that? _____
What are you going to do if the property does not sell? _____

Mortgage Information

What do you currently owe on the property? _____ Any other liens or Mortgages? _____
Are you current on the payments? _____ Months Behind? _____ Amount Behind? \$ _____
Back Taxes: _____ Other Lien Amounts: _____
What is your monthly payment? _____ Does that include Taxes and Insurance? _____ Taxes: _____ Insurance: _____
Interest Rate: 1st _____ 2nd _____ Fixed () _____ Adjustable () _____ Prepayment Penalty: _____
Mortgage Company: 1st _____ 2nd: _____

Subject To

If I could give you some cash now and take over the responsibility for the payments on the mortgage how much cash would you need to move? _____ Is that the best you can do? _____ What do you need that money for? _____

Follow Up and Discussion Notes/Needs

Evaluator: _____ Appointment Date: _____ Time: _____
After Repair Value: _____ Confident Not Confident Exit Strategy: _____
As Is Value: _____ Confident Not Confident _____
Repair Cost: _____ Confident Not Confident Offer 1: _____
Likely Purchase: _____ Confident Not Confident Offer 2: _____

Evaluate Deals

This is where almost all investors _____, they are either unable to value the property or properly estimate repairs needed. I cannot stress how important these two numbers are to the success of your real estate investing career and reputation.

For this reason alone I strongly urge anyone interested in wholesaling to rehab a house if possible. Knowing your _____ is crucial to the sales process. If this is not an option for you then the next logical step is to follow along with someone else's rehab project and become friends with a contractor.

Important Terms:

Comps = Comparable _____
After repair value (ARV)
Assignment Fee = _____ fee
Maximum Allowable Offer – (MAO)
Holding/Carrying Costs

What to Look for When Finding Comps:

Find up to 3 _____ properties
Must be _____ houses; not Active or Pending
Sq Ft +/- 20%
Same beds and baths
Start within ¼ mile – _____ of ½ mile

What to Look for When Estimating Repairs:

- Age of the roof? - Any leaks?
- Wood frame house - Termite damage? Floor stable and level?
- How old is the electrical and how many amps? – _____ 150 Amps
- Plumbing condition
- AC condition
- Mold
- Settlement, sinkhole
- Additions

The above are the expensive items and are considered the problem areas.
Everything else is _____ such as the kitchen, bathrooms, paint,
flooring, etc.

QUESTIONS???

Property Repair Estimate Sheet

Street Address: _____ Date: ___/___/___ Inspected By: _____

City: _____ Bed _____ Bath _____ Sq. Ft _____ Rent _____

Inspection Checklist	Y	#	N	Repair Cost Calculation	Repair Cost
1. Need Roof?				<p>\$250 a square for 3 dim. shingles: Remove & replace shingles (3Dim) & felt 1,200 sq ft with 3:12 pitch 17 squares @ \$250 = \$4250 1,400 sq ft with 3:12 pitch 20 squares @ \$250 = \$5,000 1,600 sq ft with 3:12 pitch 24 squares @ \$250 = \$6,000</p> <p>\$250 a square 3 dim. shingle & \$34 per sheet ½ OSB: Remove & replace shingles (3Dim), felt, & plywood 1,200 sq ft with 3:12 pitch 17 squares/38 shts. ½ OSB = \$5,542 1,400 sq ft with 3:12 pitch 20 squares/44 shts. ½ OSB = \$6,496 1,600 sq ft with 3:12 pitch 24 squares/50 shts. ½ OSB = \$7,700</p> <p>Overlay Existing with 3 dim shingles: 1,200 sq ft with 3:12 pitch 17 squares = \$2,125 1,400 sq st with 3:12 pitch 20 squares = \$2,500 1,600 sq ft with 3:12 pitch 24 squares = \$3,00</p>	
2. Need Exterior Paint?				\$1.50 sq ft (inc .all covered sq ft & prep work)	

3. Need Vinyl Soffits & Siding?			Wrap soffits /fascia = \$1.50 sq ft - Repair 10x10 area siding = \$250 Soffit & siding 1,500 sq ft house = \$2,500	
4. Need Windows?			Window = \$400	
5. Need Doors?			Int/door only = \$90 Int/pre-hung = \$135 Ext/pre-hung = \$300 Above prices include door, hardware, hinges, & door stops	
6. Need Garage Repair?			1 Garage door = \$650 - w/Opener installed = \$950 1 Car reframe \$1,500 - 1 Car Paint = \$500 2 Car door = \$1150 - w/Opener installed \$1,475 2 Car reframe = \$2,000 - 2 Car paint = \$750 New Roof = \$2,000 (Adjust up on for size) 1 Car convert = \$3,500 + \$500 move win. pane + \$1,000 concrete 2 car convert w/ 2 bedrooms or 1 bedroom/1 car = \$4500	
7. Need Yard Cleaned or Landscaped?			Clean Yard (Easy) = \$250 Clean Yard (Hard) = \$500 - \$1,000 Landscape (Easy) = \$250 Landscape (Hard) = \$1,000 - \$2,000	
8. Need Central Heat and Air?			Clean existing = \$250.00 1201-1500 sq ft - Replace 2.5 ton = \$2800 w/duct = \$3,100 1501-1800 sq ft - Replace 3 ton = \$2,800 w/duct = \$3,400 1801-2100 - Replace 3.5 ton = 3,000 w/duct = \$3,600 2101-2400 - Replace 4 ton = \$3,700 w/duct = \$4,400	
9. Need Plumbing Repair?			Re-pipe & Gut (inc. all kitchen & bath fixtures) = \$2500 Re-pipe kitchen = \$500 Re-pipe baths = \$725 each Install fixtures no re-pipe = \$800 Add bath: slab = \$800 - off-grade = \$500 Extend drain @ \$15/ft Replace 1 Hot Water Heater = \$750	
10. Need Electrical Repair?			1 - New Panel = \$1,500 1 - New service, panel, rewire house = \$4,000 (inc. fixture install) Rental light fixture = \$115.00 Owner light fixtures = \$500 Owner nice fixtures = \$800	
11. Need Foundation Repair?			Reframe 1 support beam = \$300 Jack 1 support beam = \$200 Settling 1 pier = \$1200 (One every 6 ft with severe cracking.) Pour concrete floor = \$800 (5 yds)	
12. Need interior paint?			1.5 cents sq ft (includes all interior sq ft)	
13. Need Carpet? 14. Need Tile? 15. Need Vinyl? 16. Need Laminate?			Carpet and pad = \$1.60-1.75 sq ft Tile = \$3.50 sq ft slab - \$4.00 sq ft off-grade Vinyl = \$1.50 sq ft Laminate = \$3.50	
17. Need Kitchen Repair?			Rental = \$2,000 (cabinets & formica countertops) Owner = \$4,500 (cabinets & granite countertops) Owner Nice = \$5,500 - \$7,500 (upgrade cabinets and countertops) Owner high end = \$8,000 - \$10,000	
18. Need Kitchens Appliances?			Rental = Low end range 1,400 Owner = Mid-range = \$2,250 Owner = High end range = \$5,000	
19. Need Bath Repair?			Master Bath w/tub & shower = \$3,000 Full Bath = \$2,000 Half Bath = \$1,500	

- Roof \$ _____
- Paint/Siding \$ _____
- Windows \$ _____
- Doors \$ _____
- Misc.
 - Explain _____ \$ _____

INTERIOR:

- Demolition/Dumpsters \$ _____
- HVAC \$ _____
- Plumbing \$ _____
- Electrical/Lighting \$ _____
- Framing \$ _____
- Sheetrock/Taping \$ _____
- Paint \$ _____
- Doors/Trim \$ _____
- Flooring (Carpet) \$ _____
- Flooring (Hardwood) \$ _____
- Flooring (Tile) \$ _____
- Appliances \$ _____
- Kitchen Misc. (fixtures, countertops, etc) \$ _____
- Bathroom(s) Misc. (fixtures, vanity, etc) \$ _____
- Misc.
 - Explain _____ \$ _____
 - Explain _____ \$ _____
 - Explain _____ \$ _____

The Offer Formula:

The following formula will help you calculate your _____ margins (as well as the end buyer's). THIS IS VERY IMPORTANT!!!

After Repair Value (ARV)

$$\frac{ARV}{X 70-75\%}$$

- Repairs
 - Wholesale fee
- = MAO

****Note****: ARV is not always needed for landlord properties as they are buying based on ROI (typically 8-10% net cap rate), not necessarily property value. However, I want you to provide as much information as possible, when you are starting out.

Landlord price points:

- 2/1 \$50-60K
- 3/1 \$65-80K
- 4/1 \$80K-100K

****Note****: Add \$5-\$10k per additional bathroom.

QUESTIONS???

Negotiate

Negotiating does not come natural for everyone. In fact, it can be an extremely uncomfortable experience for most. My best advice to you is to **listen** to and **develop a _____** with the seller. If the seller likes you, chances are you will get a better deal. If you truly listen to the seller, they will give you all of the answers to your questions.

Important questions:

Why are you selling?

Is there a mortgage on the property?

Are you willing to take terms?

How much do you NEED for the property?

How quickly do you need to close?

After receiving the answers to some of the key questions you will know if the seller NEEDS to or just wants to sell. This has to be about NEED, not what the seller wants. Their NEED has to drive the sale. You always want to be in the power position. The seller has to NEED us!

If the negotiation process is successful, everyone will feel as-if it was a win-win-win (Seller-You-End Buyer) solution for all parties.

Remember what I said in the beginning, real estate investing is NOT easy. You must get past your fears, you must be a _____, you must know the numbers and you must figure out a win-win-win situation for all parties or you will never be successful.

QUESTIONS???

Contracts

“AS IS” Residential Contract For Sale And Purchase (FARBAR)

The 12-page FARBAR contract created by Florida Realtors and Florida Bar is the contract I use and it is what I would suggest any investor to use.

Points of focus:

- conveys on sale (fridge, stove, etc.,)
- deposit (\$100)
- closing date (30 days)
- assignability (may assign)
- financing (cash)
- title (buyer will)
- property inspection (leave blank)
- additional terms (anything)

3 Page “AS IS” Residential Contract For Sale And Purchase

This contract is much simpler than the 12-page FARBAR contract. Use this contract if you're not comfortable using the FARBAR contract, or if your seller seems _____ by it.

- No place for a deposit
- closing date (30 days)
- Assignability clause already in
- All Cash
- Title (buyer will)
- Property inspection
- Additional terms

How to Find Buyers

Finding Buyers is **BY FAR** the easiest part of Wholesaling. Do not overcomplicate this aspect of the deal. If you analyzed the property and have it under contract the way I've taught you, buyers will flock to your deal.

- Bandit Signs

- Craigslist
- Realtors
- Other Wholesalers
- REIAs
- YOUR COACH!

Bandit Signs

- MUST Be Handwritten!
- Very Cost Effective
- Buyers are ALWAYS Looking for these!
- Builds Your Buyers List FAST!
- Are Very Time Consuming to Put Out

Craigslist

- 100% Free
- Fastest Way to Get Your Deal Out to the Masses
- Will Sell Your Deal Fast!

****Watch Out for other Wholesalers Acting as Buyers****

Assignment of Contract

This contract is only one page and is very simple to understand. This is the contract where you make your _____!

- Address

- Closing Date (2 weeks max)
- Assignor (you)
- Assignee (your buyer)
- Price
- Deposit (non-refundable)

Title Company

- Must be investor friendly!
- Understands the difference between double closing and assignments.
- Can turn around and close a transaction in 7 days or less.
- Prefer they have a large staff of processors, closers, and administration.
- Find your local REIA. Many REIAs have Title Companies as sponsors.

Agreement to Assign Contract for Sale and Purchase

Subject Property:

Assignment Closing Date will be on or **before:**

This agreement is made between _____ (ASSIGNOR)

This agreement is made between _____YOUR NAME_____ (ASSIGNOR)
and _____ABC BUYER, LLC_____ (ASSIGNEE) regarding purchase of the
above referenced SUBJECT PROPERTY.

Whereas _____YOUR NAME_____ (BUYER) has entered into a Purchase and Sale
Agreement with _____OWNER OF RECORD_____ (SELLER) for the purchase of SUBJECT
PROPERTY, and whereas BUYER wishes to assign its rights, interests, and obligations
in the Purchase and Sales agreement, it is hereby agreed between ASSIGNOR and
ASSIGNEE as follows:

1. ASSIGNEE agrees to pay \$__50,000____ for above referenced
SUBJECT PROPERTY.
2. ASSIGNEE shall pay ASSIGNOR a NON-REFUNDABLE
deposit of \$__2,000____ with signing of contract and the balance at close.
3. NON-REFUNDABLE deposit is only refundable if the Assignor cannot
provide clear and marketable title.
4. Assignee's inspection period shall expire upon execution of this Assignment.
ASSIGNEE accepts all terms and conditions of the contract for Sale and
Purchase between BUYER and SELLER in its entirety.
5. ASSIGNEE acknowledges receipt of legible copies of the original
Contract for Sale and Purchase in its entirety including all Addendum(s)
associated with this transaction.
6. ASSIGNMENT is not assignable.

AGREED AND ACCEPTED

BUYER SIGNATURE
Assignee

Date

YOUR SIGNATURE
Assignor

Date

Print Name

Print Name