

# REI NETWORK RK

Episode: 054

## *The Fundamentals of Virtual Wholesaling*

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Hey, guys, welcome to the network podcast with me, Gavin Timms.

Hey, guys, how are you doing? Welcome back with another episode on the REI Network podcast. Today, I want to dove back in with some training. I always like to do these videos or if you're listening on the podcast, this informative things that you can actually follow along with K now. So my voice is going a little bit. I have been sick and I am feeling better, but you might you might hear it in my voice a little bit. And I do apologize if you do.

But on this, on this episode, what I want to talk about is a seven fundamentals of wholesaling real estate and sometimes every business. It doesn't matter if you listen. Well, I know how to do. I'm already doing it. But sometimes you can overlook the cool things in this business, the basic things in the business that actually get results. Because remember, when you sign off on this business, I think you need to have the fundamentals in place, want to actually do deals and to to actually grow the business and start working on the business and not in it. Then things need to be in place. We have certain job roles within this, within wholesaling real estate that we need to do that we can start to outsource to grow the business, work on the business, scale, the business, whatever vision that you have going to multiple markets and ever listen to this is on a completely different journey.

And I think it's important to understand that this is not one way to do this business. The choices that I make is to go directly with what I'm trying to achieve for my goals, right. For me, I will work as hard as anyone, but I want to work from anywhere when I want with her one one on one. Right. So that's what it means to me. And that is exactly what I've created on my real estate business. I do. I work only a couple of hours a week probably on it, because I have the right people and teams in place. But that takes time. I still have to have these fundamentals in place before you can actually scale grow, go into multiple markets, work on the business, on whatever it is that you're trying to do. You need to have them in place. And you cannot remember, you cannot automate anything. We talk about automation delegation. You cannot do that. It doesn't already work. This is what's frustrating sometimes when you hear about people wanting to put workflows in place when the workflow doesn't work, you can't make it work yourself manually because it's not happening. I don't think that you can just turn on automation because it doesn't work. You've got to get the fundamentals in place.

OK, so let's break down what are these seven steps? That's what I want to talk to you about to go through.

No one is picking a market right now. When we pick a market. Should you go local? Should you go virtual? I just did an episode a couple of weeks ago on this. But here's the deal. I believe it starts with where you currently live in and what type of deals are you trying to do now on this? We're talking about wholesaling real estate, finding discounted properties so that we can choose our exit strategy. Do you want to wholesale do you want to hold it? Do you want to buy it and hold it? Do you want to fix and flip it? What is it that you want to do? But it all starts with finding the deal. Remember, we make money when we find the deal, not when we sell the deal. You have to buy at the right price. So pick in the market. It's not easy, but it has to be simple in terms of because you can overthink it. All right.

So what I want you to do is just say, OK, do I live in a high end area? Do you live in California? Do you live in New York or somewhere like that? And if you do, then you want to be looking around the surrounding counties or looking to go virtual. OK, that's what I would say. Then I go, OK, now how do I pick? I keep it when I work with clients and say, did you grow up from where did you go to college? Do you know family, friends, do you know anything about the state. And I start to narrow it down and go on like that. I used to live here or live there or grow up there. I know the area well. I have friends. OK, great. Well, let's maybe analyze that market. So I actually narrow the market and then do the market research and that's kind of step one. Then what I do is once I've identified that market and then I'm going to go and look for cash buyers in that market. Now, the reason that I do that is look for cash buyers is because I want to know what people want. What are people buying currently in this market?

Now, this market is on record recording. This is crazy. It's hot. It's people are overpay and there's no deals, apparently. Well, they clearly is, because right now I have a deal. A flip side on Friday. OK, I have two more going on the mark in two weeks. We close on another one next week. I've got another one lined up behind that. Plus we got some wholesale deals and these are all found at discounted prices. So don't think that they're not they're OK. The reason that I'm able to flip these or wholesale these deals is because of finding them. Remember, we are in the sales of Mark. Business that's about wholesaling real estate, is it when the sales and marketing business were not in the real estate business, understand the real estate side comes on the back end with your choices of what you're going to do to find deals when the sales and marketing business. So I like to go look for cash buyers and find out what they're buying, when they're buying, how many of their buy and how quickly can they fund these deals. Do they need to get financing or the cash on hand ready to go? And I find and start to learn about the market from the knowledge of the cash buyer.

So you're going to do this in a in a conversational way. You can't just be like everyone else reaching out, like, hey, keep it going. Hey, you looking for any deals right now? You've got to build that communication that your clients get to understand, do something different in a different way. Something along the lines of let's just say we're calling a buyer. Hey, Barry, how you doing? I think you bought a property on one, two, three Main Street in the last month or so, is that right? Well, I know a lot of wholesaling, a lot of marketing, and I want to bother you, but I'd really like to understand exactly

what you want. So when I bring you a deal, it works. I don't want to waste your time. And that could be an offer, OK? All right. Yes, I'm sure you get all these deals and they're all, well, overpriced. So I need to get an understanding. And this is where people go wrong. Barry is I need to understand what you're looking for and the prices that you'll be being at the location. Once I understand that I can best deliver the deals that you need. It could go something along the lines of that and actually go what? I don't want this zip code. I won't buy that, but I'll buy anywhere else.

And a lot of times your buyer will give you a lazy answer. They will say I'll buy anyway. So then what you need to follow up with the follow up question is, is there anywhere that you won't buy? Is there any zip codes that you're not interested in? And then they will go out and buy there and that. All right. So they'll give you the lazy answer of anywhere, but truly, they won't buy anywhere. OK, so that's kind of why we do it. Now, there's multiple ways you can be looking on the Facebook groups. Look at local Facebook groups for cash buyers for wholesalers, anyone that has buyers. So not just cash buyers, but wholesalers, property managers, realtors, all these people that work. You've got property managers that have the doors for cash buyers. You've got the realtors. You have the realtors that look after cash buyers, one relative of ten cash buyers. So, again, you want to network with everyone and build that list and understand what they have.

So that's step two is finding cash buyers. Now, we've done that. Now we go on to the market. And so this is where your marketing plan comes out. This is where you will start to look at actually what marketing channels that you want to do. Now, here's the thing. When it comes to marketing and I could spend probably seven hours on this app, this bit alone when it comes to marketing, but you have proactive and reactive marketing. Proactive is your cold call in your texting and your doorknocking where you're being proactive in generating leads. You're actually going and sourcing and finding people that are interested in selling and you're drumming up leads.

Then you have the reactive marketing, which is a better marketing. There are better quality of lead, but they will come at a much higher price. So that is your direct mail, your PC, your Facebook, OK, they're the ones that will bring in actually motivation into you. They will be a better quality lead. But again, it will cost you more money. Then you have to look at, well, Darmouth, we can actually keep it local within an area of zip codes with the PC and the Facebook. They're going to be a lot more if you do direct target market. And now a lot of people in the industry that are running the channels are now doing statewide or nationwide marketing. And the reason they're doing that is they want to keep the cost of the marketing down. Right. So that's what you need to look at.

So all of a sudden, we've just picked a market. We've just identified a cash buyers list in that market. You might not want to do that if you are doing the approach of the nationwide marketing, because that doesn't make sense, because now you need to be more diverse. You need to be better on the phone. You need to understand that to analyze deals, to make offers and do your follow. OK, so just want to throw that out there from a marketing piece. You're going to be a proactive or reactive. And it depends on if you're going narrow focus or you need to go wide. You can go narrow again. With PPC, for instance, we might be paying for five hundred a lead coming in where if you go nationwide, you might be paying

sixty five eighty dollars elite. So you can see the massive difference depending on how wide you want to take that. So you would never do that with a cold calling on the Texans or even the Mayo. What you would on the Facebook and the PC.

OK, so number three is marketing. We're doing that to get the leads coming in one form or another into us that are interested in selling or. Interested in an offer? Then step four is talking to sellers, talking to sellers. This is a million dollar scale. This is where all the money's made is talking to sellers. So now should you have a script? Should you have questions? How should you do this? Your brand? You don't understand. It comes down to personalities.

OK, this is what I've come to understand, that everyone is different. And for me, I am not a script. I cannot read from something. It sounds like a three year old is reading. It doesn't work for me. I am more show personality, engage, have a conversation. That's how I operate and work for you. Maybe you're like, no, I like a script is something to follow on and you're good with that sort of pick. I would either go with the questions or the script, depending on your personality. For me, a script, an absolute no go. It should be conversational. It should be questions. But again, depending on that personality, some people do prefer the script. All right.

So once you have that, you're there to try to find out literally full of things. I'm going to try and get and keep this to the point and simple. And I have training on this guys as well. Right. So you can watch all the videos. If you're interested in working well with me in our group, go to [REInetwork.com/join](http://REInetwork.com/join). I'm going to slash that on the screen right there and apply. We're doing four to five live coaching calls right now every week. It's insane. Our results have been absolutely crazy. So make sure you check. Check it out, get on the phone with us, have a conversation. But like I said, four to five live calls every week has been an absolute game changer for us anyway.

Right now is step four is talking to sellers. That's what I was saying. And you want to identify the small things you need to identify situation, motivation with the is number one, when you're having a conversation, then the other three things is the condition of the property, the timeline and the price. So what's going on with the seller? Why do they want to sell? Why are you interested in selling the condition of the property? Have they done any major updates in the last five years and find that information out? You're going to find the timeline. How quickly do they want something to happen? And then the price of the property, what are they looking for now and then for things? You can then identify what type of thing that you want to do. Now, if you're more experienced, you could go into the creative finance and things like that. But obviously you can also make a cash offer because we from this episode we're talking about pulsated. So they are the full things that you need to get in that conversation by either your script or asking questions to be able to deliver that right.

So now we go on to step five, making offers. Now, this is something that everyone gets hung up on and we need to fire offers on. Just on a coaching call yesterday and someone said, hey, will you review my offer? And I said, yes, I will. But what do you what do you why? Like what's going well, to make sure it's a real offer. And I said, look, here's the deal with offers. We want three to four to five minimum going

out every single day. We can't analyze every one of them. So we need to start getting commitment from the seller. So have the confidence to send the offer and understand that if it's a cash deal, you need equity. It needs to be a discounted price when you make that offer. All right.

And yes, for confidence, we do analyze them. We do look at them. But sometimes if I'm analyzing a deal or anyone that you go to or coaching or mentoring you, we only have a certain amount of information just like you to say, okay, let's look at the sold properties, what is actually sold in the neighborhood in a similar condition. All right. And we're going to start with that and we're going to make sure we're under that. We could keep it that simple. So if Bob has a property that he wants to make an offer seventy thousand and we go and see three, we comps is averaging ninety thousand and he's at seventy, then we should have a deal. The next thing we do is go and look at the actives, make sure that there's nothing that's actively on the market that is lower than your property. So let's say Bob makes a seventy thousand dollar offer and then we go on the market and look and there's been one that's in a similar condition that's been sitting on the market the sixty days. Seventy five thousand. And it's not moved then ours is not a deal at seventy seven on the last 60 days and not moved at the same price is what we're asking. We know what too high. We need to be lower.

So we have these little chat points that you can do and make in office. So again on three levels. So comp in the same condition and then take your feet off and you can price on this by saying, hey, I would take a twenty thousand dollar and then I'm going to come up, tend to still make ten spread. And again, we because in that negotiation making office, we could talk hours and hours. I'm doing that now. On the flip side of making offers, let's say you can't find anything that needs everything that you can find is what sells top price. The AVR, the after value repair. That's when then you could start looking at the. Centage of you've heard the 70 percent and the 80 percent and things like that, but that's only going to work if you have that RV and you understand what the repairs are. Now, the repairs just keep it simple. You could do ten dollars. Twenty five dollars. Forty five dollars a square foot for a full rehab, for instance. Forty five for a full rehab in Alabama. So we times the square footage by forty five and then we take off. So 70 percent of one hundred thousand let's say seventy thousand miles for repairs. It's a thousand square foot. So let's say a thousand square foot at forty five dollars is forty five thousand. Right. So if we do 70 minus forty five is this is twenty five and I want to make ten, I'm going to make fifteen thousand dollars offer based on the work that needs based on that offer of an RV. So you can do the AVR, the after value repairs, all the things that science is doing here. If you have similar low end and that and yours is a distressed property, then make sure you're under everything else is on the market and you can keep it that simple to make your offer.

But here's the go get your office out, get commitment from the seller, then you can deep dove into is this deal, is it not do I need to renegotiate? And you will start to learn as you go and you will create your internal comp. So what I mean by that, the more deals that you do, like we know in Birmingham, that we know that if it's on this street, on this street, we know we're going to need it. Thirty five forty thousand four hundred fifty to one seventy because the things that we've already bought. So it will get easier as you go down over this. You get the offers out and you will learn as you go and you will get better and better at it. All right. So that was step five then.

There's two more steps that follow up. Follow up. This is the Money step. This is where you've spent your money on your marketing. You've had conversations with the sellers, you've made your offers, and now they go into a follow up pile. Now, follow up is there again, the profit is made. This is where the money is made. And you need to make sure that you are on top of your follow. If you want to have a business in real estate, it comes from follow up. I don't care what marketing that you're doing, you should always do more deals from the follow up than inbound marketing, unless you're doing 20, 30, 50, K a month and you're doing four, five deals from that a month. And and that's how you're in the business. But you're still leaving a lot of money on the table. If you also follow up is K now, again, I've said this every section that I could do hours and hours on this when I teach in and all of the sections that follow up is kind of like it is. It's just so important. This is our made in the business. Guys are dead leads and a cold calling from three months old closed my first ever to or so. This is where I'm passionate. This is where I see the profit. This is where we can spend two, three, four, five thousand dollars in our business to get one deal done right. But over a five, six months, I could do five deals for that same five thousand just from follow up. So your marketing dollars will go further because of the follow.

That's how you're going to make it profitable from how quickly can you get your return to how can you ten times your return. And that comes with good follow up. So that is following up with personal calls, right? Calling on the phone text message in personalized text messaging. You can also follow up with automation, write any code leads. You can set all time responders to go on for you to touch back and do that with the seller. But I would only do that on cold leads. Any warmer Hartley's needs to be in front of you on a whiteboard. And they are kind of the things that you see every day in your eye line and you're moving them across the board from offers made or pending contracts to under contract to close contracts. Your goal is to go left to right through them columns from under contract, sorry, pending contract, under contract into close. And we're trying to move them over. So all your hormone leads should be on there because you should have been making offers and getting them through them channels into closing. OK, so that's what that's what you need to be doing with the follow up. And again, if your brand new store every thirty days with follow up just to create a habit and then you can start putting things in place accordingly from where when you should be doing it. OK, awesome.

So that is step six and then step seven, the phone is number seven is closing the deal now closing the deal. So this could be a sign in the contract is could be double closing on the contract. So you need to now take the contract. You've got the contract. Signed, well, that being from talking seller, making the offer, you got it from follow, you have the contract in hand. Now we got to sell it to the first thing you got to do is go back to the cash buys that you've already built in step two. And you're going to network with your cash buyers, your relatives, your property managers, your wholesalers, and you are going to go and get your deal moved. Now, when you have a contract, you should always have the intent to be able to close. And the reason is that you can do that is that this private money, this hard money out there that you could lend on if you wanted to, and that's where the intent comes in. You can still sign your contract so you can sign the contract for a fee. You can double closed, meaning that you close on that property. So if it's A, B and C and the salaries and being the buyer is C less, I'm making twenty five thousand. And this is not assignable because the fees too big, I'm going to close on that deal, meaning that if you work with a tile company or close an attorney, they can use the position of the C is money. So

the cash buyers money in place and you get to use that when you close on the property. The only thing is, is that you will pay closing costs.

So for instance, if it's one hundred grand, I will close on one hundred grand with the seller. I will turn around, sell it for one twenty to the buyer so I get a twenty thousand dollar fee minus my closing costs. But I actually close on the property using the cash buyer's money. I know that's probably crazy for you. Brand new. All right. But that is possible. We do it all the time so all you can assign it for ten thousand dollars and then everyone will see your assignment. Or sometimes you have to bring in transactional funding. And that's why you borrow funds for maybe twenty four to forty eight hours to actually close with the money and then the cash buyer closes on you and some tile companies attorneys will make you do that, especially for signs like hedge funds. They don't like the double closing. They won't use that money in that way. So you can't you can't do it. But I'd say I only do a couple of transactions, a fund in probably a year. The most of it is double closing the property.

That's what we normally do. OK, and obviously, unless we're flipping it, then we just buy a cell phone. We don't even need the cash buyer. But when you get that contract, guys, here's a cool thing. When you have the contract in hand, you decide what you do with it. Are you going to buy it yourself? Are you going to hold hold it as a rental? Are you going to fix and flip it? Are you going to hold it? Meaning you're going to buy it, stick it on the MLS very quickly and sell it that way for more money. Are you going to sign it to a cash buyer for for a fee of seven thousand dollars? Are you going to double close it for twenty five right. Where you can use the cash prize money. But guess what, because you found it a discounted price because you've done your sales and marketing, because that's what this is. You get to choose your exit strategy.

OK, so that is a wrap guys. That is the seven steps. So one more time. All right. It's picking a market, number one. Number two is finding cash buyers in the three markets to get at and before is talking to sellers. Number five is making offers. Number six is follow up and number seven is closing the deal. And if you go through follow that, you will be able to close your real estate deal.

And then from that is a numbers game. It's rinse and repeat, do more of it, talk to more people, make more offers, do more, more, more follow up equals do more deals, get paid, get checks. All right. And that's what we'll do it when we're in that step seven with that get paid to make the money to hit the bank. OK, that's what you need to do.

Awesome. Guys, I appreciate you, man. If you're watching, please give me a like and subscribe to the channel that you're watching. I appreciate it. If you're interested in working with me, check our group. We are killing it right now. People are making twenty five full deals. It's just insane and have a conversation. I've even got through testimonials, whatever you need. And if you're looking to work with someone, if it is me, please reach out. It's REInetwork.com/join. If it's not me, no problem. Still tune in. Listen put comments. Give me likes of you with me whenever you need to do whatever makes you happy. Let's do it.

Have a great week. Let's get it and let's take it to the next level.

Thanks guys. Bye bye.