

REI NETWORK RK

Episode: 069

7 Steps to Doing Your First Wholesale Deal

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Hey, guys, welcome to the REI Network podcast with me, Gavin Timms. Hey, guys, how are you doing? Welcome back to the REI Network podcast.

Today is just me talking about the seven steps to doing your first wholesale deal. Now, obviously, some of you may have already been doing deals, but you can't beat going back and being brilliant at the basics we've talked about on episodes. Also, if you're trying to go virtual as well, it's always good to hear to make sure that the fundamentals that foundation is built properly to actually get results.

So I'm just going to start talking and dove in, and we're trying to keep this high level to the point of grab pulls me right now, grab a pen and paper, take some notes because I'm going to go through the seven steps that I believe that you need to do and the decisions that you need to make and where you need to focus on actually doing your first deal. Now there is going to be some options along the way. Okay. And if I give you two or three recommendations, I want you to pick one, OK and focus on that. Remember, there's a great book called *The One Thing*. You can only focus on one thing at a time. It's all about prioritizing your tasks and going through one thing at a time, then stepping stones to keep building and building to actually get your first deal done. What we don't want to do here is you listen to this episode is start worrying about the back end of the deal. Let's focus on the beginning of the deal, right? And then we'll go through that.

So again, start taking notes and we're going to start talking about it here right now. So number one is picking your market that you have to select what market you're going to go into. Now this could be, yes, start in your backyard if you can, depending on where you are right now. We are talking on this episode. I'm going to do another one on creative finance from this one is by doing your first wholesale deal. So again, start in your back yard if it makes sense. So what I mean by that, I would try and stay away from the big areas popular in areas like your L.A., California, San Francisco, San Diego, Phenix. I'd probably stay away from most if you're picking virtual local now, if you're going to hold on a minute, I'm actually in the market, then you might want to go around the surrounding areas of San Fran, right? Berkeley, Oakland or inland from L.A., OK, or maybe Fresno, California, or something like that where it's potentially less more affordable, OK for people and potentially less competitive.

The other thing is, with a competitive market, I'm completely fine with the daily I flip to house in Maui, Hawaii. What he did take us six months to actually get a contract where when we were doing that and I had to have a case early on that to reach out. If you're interested in checking, that app is completely free anyway. So you can you just need to understand normally the heart or the heart of the market, if I dare use that word because every market is hot right now, real estate, I guess the bigger the population is, the more people. So if you look at a population that rises over half a million people, you're going to be looking at more people investments or more competition. But more properties, more people, more motivated sellers, more people market. In all of these things, you have to take into consideration and you just have to get among it. So when there's more people actually operate in there, your marketing dollars will not go as far. So if we could call or text or do direct mail or PPC or Facebook in the markets, there's also thousands of other people doing the same. So your leads will not produce as much as smaller markets or the outskirts of the market.

So again, selecting the market, you can't overstate this. All right. I wanted to ask again, starting your back yard and let's go. And if you are in a hard market, you just going to be giving yourself six months working every single day. Be persistent, okay, be consistent. Stay disciplined to actually get in that result. Then when it comes, is probably going to be for a bigger fee. So do you want to be a person that wants fast results or faster results with small wins and build on that? Or do you have the mindset that you can go three maybe four months will get the big check? And again, it's just say in that mindset, depending on what your personality is. So once you've identified this again population, if you go into that one to two hundred thousand populated areas, OK, for a start, then you might ask to build on to all the surrounding counties around you. Or if you're in a populated area like a Dallas again and then surrounding counties where there's still people buy in and you can obviously get some leads coming in at a cheaper rate. So that's what I would recommend that you do.

Now the next thing would be , OK, this is my market. The next thing I would do is look for some cash buyers now in the bracket of cash buyers. You're going to be looking at actual cash buyers who are going to be looking at property managers. What are they do they have they manage properties for investors, which means they might want to buy or sell more? A real estate and so good connection, realtors, who's going to be called, he's a first person. Someone's going to call is a realtor. So networking with realtors that actually have cash buyers is huge as well. Plus, again, pulling your own your own list, you can also look on rentals on Zillow. That's how you're going to find the property managers. You'll be able to pull a list of cash buyers again in batch or improper stream is what I use. If you go to bat leads the lo slash Gavin, you can be able to get five thousand free records. If you want to do that, you can pull your cash buyers annual seller list from the skip trace. It was batch again, that is box leaves the IOC's Gavin. Also, if you want to check out, I have a seven day free trial. If you go to PropstreamGavin.com, another great place to pull cash buys and we can separate these guys from individually owned or LLC corporate owned.

Okay, depending on what what we're looking for, you can also find hedge Mumbai's and a lot of cool stuff that nowadays you got. These lets you not need to start making these phone calls and these are your clients. This is what you need to build relationships with. OK. And network with again, my company are network wide because I believe that's what this is all about. So making sure that you're contacting

them, building relationships, they are your customers. Right. And the better relationship you have, the easier. I promise this business is going to be not only from the deals you find, but guess what? You can start bringing all the wholesalers, bringing deals to you and you start moving them. No, I'm not talking about daisy chain and let the wholesaler be aware like, Hey, I will JV with you because I have a great buys list of buyers ready to buy. So I think you should always be building your buys list, using them platforms that we just talked about. OK.

Step three is marketing now. We have some buyers, we have 10 15 buyers. We know what they want. We know the areas they're looking located. So maybe you've got now zip codes, maybe you've got counties that they're buying in, and now we're going to reverse engineer it and we're going to start marketing for sellers. Now, obviously, the cheaper ways to market the sellers, obviously driving for dollars is a great list, right? That's a more of a list. OK, but getting a drive for dollars list, if you can, or I would pull an absentee list. So again, you can write this down. If I was going no into a market when I saw a brand new market, my go to list normally is an absentee owner list, meaning that I'm looking for investors that have rental properties that I'm down to seven or more years. OK, plus or no sale date? Always remember that one, no sale that I always like to pull as well equity making sure I have 40 to 100 percent equity plus all known equity. That is another little golden nugget for you. That single family, for sure.

Now, if you're also an investor looking for multifamily, you could also do the duplex triplex quad multifamily pull as well as well. Obviously, as the single family. You can put a cap right on there for the current home value, depending on again, your market. If you're in California, it's not going to be zero to 300000. But actually, look, when you've networked with them buyers, you should have an understanding of the zip codes in the areas. A lot of them will invest under two hundred thousand, maybe on the three on before and so on. You can put a cap right on there and then I normally do absentee RNA in state and out state. That's a good enough list. Again, if you've already gone to get botulism lo slash Gavin, you going at 5000 record, you can actually pull that list from there or PropstreamGavin.com Seven day free trial. You can actually pull a seller's list there as well.

Now, once you have that list, if you're going to pull that list, you will then have it skip, trace and then you can cold call it and tax it to start generating leads. And there is all the forms of marketing that you could do PPC, Facebook direct mail. They are going to be more costly, so depending on where you are and how much you want to work. Pretty simple. I'm obviously big about systems. I use a lot of Vas to do my calling and generating leads for me, which is one way. So again, either you're going to do the calling yourself, you're going to get someone else to do it or right or you're not going to do that form of marketing. All right. So they have to get it done by you or somebody else. That's where you may want to go to a direct mail. If you want leads coming to you, then you can actually mail these people and get their phone ringing. That just depends on your budget. Well, there's one thing in step three that we need in marketing is we need leads. Remember, if you don't have leads, you don't have a business. All right.

So we have to generate leads, and that is the next thing on our list. Then that's that for is. We got to talk to sellers. This four things that you're trying to find out, OK, when talking to sellers, number one is the motivation kind of the problem. What's going on? What's the situation? OK? Number two is you want to find out the timeline. How quickly are they looking to do something? Number three, you're going to find that the condition of the property, okay, you can be asking questions like when was the last time you updated the kitchen and the bathroom? How the roof. How will they see things like this that are going to the bigger items that are going to cost the most of my money? That's what's going to give you a good indication. Is this property outdated as it been vacant for years? Right? It's is someone living that currently what do they pay and all they pay market rent? Are they paying on the market, rent, all these things that you're finding out?

And then number four, obviously is the price now as a wholesaler. OK. And this is what this episode is. I'm not going to bring credit finance into it in this episode, but we need a discounted price. We need it 50, 60, maybe 70 cents on the dollar to be able to sell this and turn around to all cash buyers. So that is, then once we've gathered the four pillars that we just talked about, we then are going to go away and make an offer. So Step five is making an offer. So you're going to be looking at what the easiest way that I would tell you to do this. And there's multiple of them, you right? The Mayo formula 70 percent minus repairs, minus your fee, you know, getting now you can do all that if you want a simple way is go and find the lowest three sold in the same condition as your property and then take 20 thousand off and start there. That means then if everything is currently sold in your area, making sure that when you're looking at your comps that you try and stay in the same neighborhood, don't start crossing major roads, OK, or different subdivisions because it could be on one side of the highway, the worth 1.1 million. On the other side, the was two hundred thousand the completely different neighborhoods. So try and stay within your neighbor if you can, and then start with three months, six months to a year, OK to find them comps. And then you're going to find the three lowest sold, let's say, within three months.

So let's say we have one eighty thousand one to eighty five. We one at 90. I try and be making my current offer around sixty thousand and then I'd be bridging up to 70 to at least make my ten thousand spread. Now again, we could do a whole call on making offers. I'm just trying to give you a simple way. I the of this episode is keep it simple, OK? And if you go to three lowest sold and you're under that, then in theory it's a similar condition. You should have a deal. So don't be trying to calculate a thousand things again as a place of time for that. But I'm just trying to keep it to the point and simple for you now. So we have set one. We picked a market, we got cash buyers. We started marketed to get solid. We started having conversations. Now we're making offers. OK. And whether they get accepted or not.

Number six is follow up. OK. Ninety percent of this business comes from follow up. So we need to make sure that we are on point when you are setting your follow up using your CRM, OK and CRM. One of the things I use is freedomsoft. If you go to freedomsoft.com/gavin, you can actually get my customized version of it. If you want to check that out and you can and then they'll want you to make sure you do three things for me change the status, update the notes and create a task. Now again, the CRM will do a thousand things. I need you to do the basic things very well, and this is what's going to set you up for follow up. So make sure that we're doing that.

And here's here's the cool thing. We've had our conversation, guys. We know the four pillars with that information. Regardless, if they wanted too much money, OK, they're asking they too much, whatever it may be when you're following or you're just finding out if anything has changed since the last time that you have spoken. Again, I'm trying to keep it simple. That's what I want you to do. If you take a good note, and let's say Jeff was kind of abrupt and he's like, Oh, my house is great and I'm on. So it's this and that, and it's going to sell quick, whatever the situation is. And then in 30 days time, you follow up and he hasn't sold it. Does he have that same intensity that he had before? Or is he saying, Oh, well, I can't believe it then. So I'm really surprised I thought it would. So what you're seeing here is it's softening.

OK, now obviously, I find it very difficult without transition and pivoted into that creative finance now. But I am trying to keep this to wholesaling that there would be a little away there that you could transfer into a term deal to maybe get that locked up. But we're going to talk about that on another episode. So step six is follow up. And then once you've followed up, followed up, followed up, you've made your offer, you've got your contract signed.

Step seven is closing the deal. So what do you have in your contract? Who's the first person you're going to go to? Or first people you're going to go to is back to step two, which is your cash buyers, right? You're going to go to your realtors out, buy your property manager, your cash buyers that you've built yourself, your relationship with wholesalers. I didn't even mention that you're going to go to them, all right. And you're going to say, Hey, I have a contract and then you're going to now put your feet on top now. There's no sales you should always remember. You never own the property. You're controlling the property right now. And you should always have the intent to close on the property, which is private money, anyone can get hard when they are private, when you close on a deal. So I'm not saying you need that, but you have that. You can contact me. I can put you in touch with people if you need full funding. But you should have the intent and then you have the ability to either sign your contract for a fee to one of them, buyers double close on that property, or you can bring in transactional funding as well.

OK, so if I'm going to double close, I might have me for sixty thousand. I'm going to sell to the buyer to 70. You can assign it to ten thousand dollars for some reason. If you need to do to double close on that, you can actually do a back to back double close in where. See, the buyer brings in the funds at seventy thousand. You use them to close your portion. At 60, you will have to pay closing costs to the seller on that side of it. And then that may net you, I don't know, nine thousand two hundred and then the buyer will buy it and it's called a back to back close. So you're still not bringing in money out of pocket. Or maybe you have to bring in transactional funding. A lot of times you may take the deal down. If it's a real good deal and you might stick it on the MLS and hold Taylor and Mate 30 40 thousand dollars on that deal. OK, so that is closing the deal. So you literally leaping from the closing, go back to your cash buys, you then bring in the seller and the buyer together. All right. And basically, we have to watch that terminology. If you're not licensed and you're actually going to be then selling them that property for a fee.

So that is kind of the seven steps. All right. So picking a market finally cash by market and get leads, talking to sellers, the four pillars you get and then make the offer you want to keep, follow up, follow up, follow up until they say yes, you're then going to go into closing, you're going to sign a deal, will close a deal and you're going to get paid and your first wholesale deal is done.

Then you're going to look at then whether you need to reinvest, how do you then build systems? How do you put people in place and you instead of wearing all the hats, you can actually start giving them tasks away and start off with the lower end the task, right? Maybe the cold calling or the texting. So giving and hiring people. And then you're actually going to now start building a business to do more deals.

All right, guys. Well, hopefully that helps. However, you got something from this video. If you did give me a like subscribe, drop a comment if you have any questions on this. Also, if you're interested in working with me, reach out. Email support@reinetwork.com, OK, hit me on Facebook or Instagram. Reach out and we'll have a chat and we'll go from there.

I appreciate you, and I'll see you on the next one. Thanks. Bye bye.