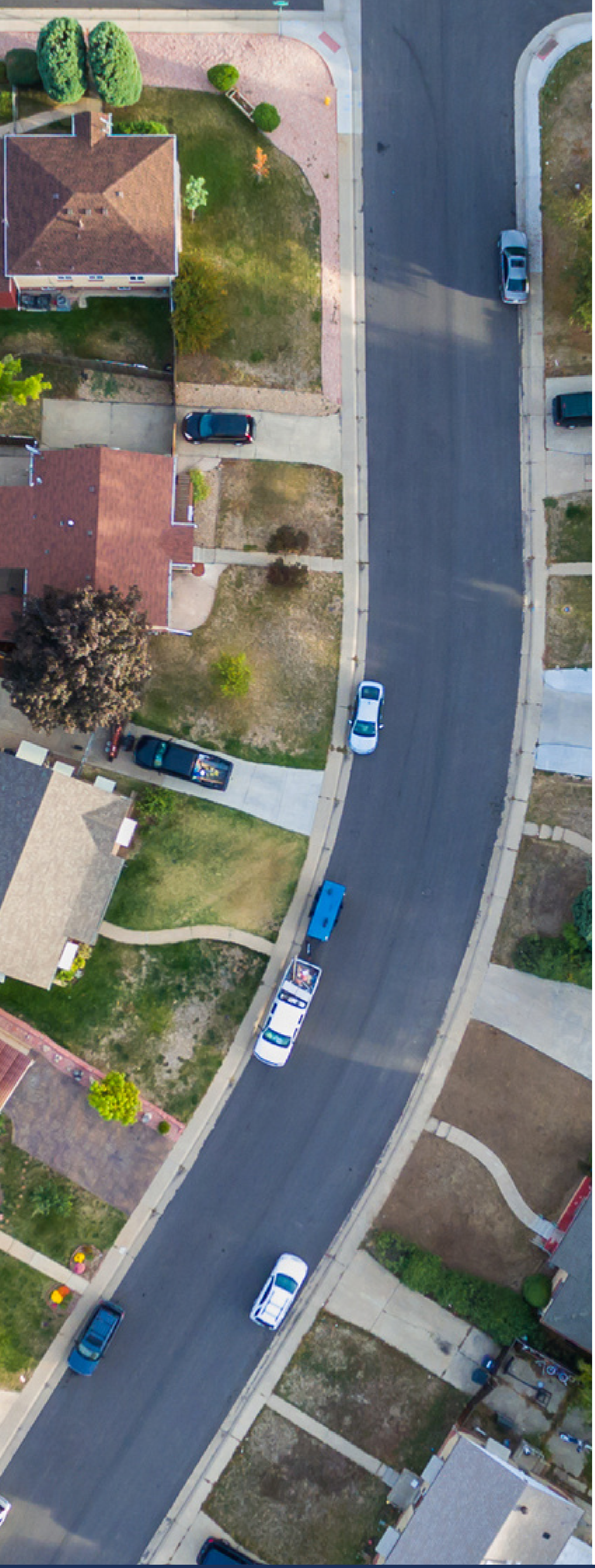
THE ULTIMATE **GUIDE** TO WHOLESALING REAL ESTATE



CONTENT

WHAT IS WHOLESALING?

Let's Break It Down

Wholesaling is where you will get a deal under contract as you as the end buyer.

At this time, you own the right to buy this property. The seller cannot sell it to anyone else while you are under contract. You will then sell that right, or assign the contract for a fee, to the end buyer.

The seller get's their original price that they agreed to sell to you for, the end buyer gets the property, and you keep the difference between the original price and what you wholesaled it for.

A typical wholesale fee is around $10K-$30K.

How To Find A Deal

First, you'll need to locate motivated sellers. Real estate agents know the market and may be able to help, but for the most part you'll want to talk to owners without someone in the middle.

You can check sites like Craigslist, FSBO, and HomesByOwner. They all have listings where owners are trying to sell without a real estate broker.

Here's another option: hire someone to find properties for you to save you time. They may search online, drive around making a list of vacant houses, or go knocking door-to-door.

These finders are sometimes referred to as "bird dogs". They work on spec, which means they don't get paid unless you make a profit. Or, you can pay them per lead.

Check the laws in your state before settling on a payment arrangement.
a lot about.

Other options for finding properties are:

- Buy mailing lists and send out letters and postcards
- Attend real estate networking events
- Putt out "bandit signs" to attract motivated sellers

Some options require a greater up-front marketing investment than others. For example, it might cost a few hundred dollars to put out bandit signs, which can cut into your profits.
Ultimately, you should pick a few methods within your budget and see what works.

Make sure that you pick a topic that matches the needs of your audience. Choose a topic that you already know

Contacting The Owner

Once you've located the property, you'll then need to contact the owner. We typically use a method called skip tracing. Skip tracing is how you retrieve the owner's contact information.

Methods:
- Cold Calling
- Email
- Mailers
- Handwrite letter

Don't expect to get the property under contract through the first outreach. The most important part is the **follow-up.** It takes an average of 8 calls to reach a prospective seller and about 80% of your deals are going to require 5 follow ups after the initial contact. **So stay consistent and always follow up!**

Determining Value

If you're going to buy a property under market value, then you need to know what the market value is in the first place.

The first reason is to quickly find out if the seller is motivated. If they tell you their house is worth $200,000 and they're asking for $200,000 then it's obvious they are not motivated and we recommend not spending much more time talking with them.

If you ask the owners for the least amount they would accept and they give you a figure that is $20,000 or more under market value, then you know you're onto something.

Once you have ballparked it on the phone, it's time to confirm your assumptions. Specifically, you want to find out:
- What similar houses (square footage, number of bedrooms, number of bathrooms)
- In good condition (not fixer-uppers)
- Nearby (same neighborhood or as close as possible)
- Have sold for (not asking prices, not pending sales)
- Recently (within the last 3 months, ideally, otherwise the last 6)

When you've found at least 3 previous sales that match this criteria, then you have a range in mind of what the house you're looking at could sell for once any needed repairs have been completed.

A real estate agent is the best way to get this information. You can also search yourself using Zillow.com. Just make sure to find the comps yourself and don't rely on their Zestimate, which is significantly off most of the time.

Estimating Repairs

You'll need to factor repair costs when selling to investors or non-occupant buyers. Why? Because they'll need to consider this cost when running their numbers.

When you tour a property, bring a contractor with you to see what needs repair.

Another option is to make a list of everything you see as you walk around, and run it by the contractor afterwards.

Keep an eye out for things like paint, carpet, cabinets, counters, appliances, or anything else that needs to be redone or replaced. A good rule of thumb is when in doubt, assume it has to be done!

For example, look at the roof. How old is it? Does it need to be replaced? Look at the major systems in the house as well, such as the electrical, heat, and plumbing.

Once you have a ballpark estimate of the repair costs (and be conservative), you can use these numbers to justify the price you offer the seller.

Locking Up The Deal

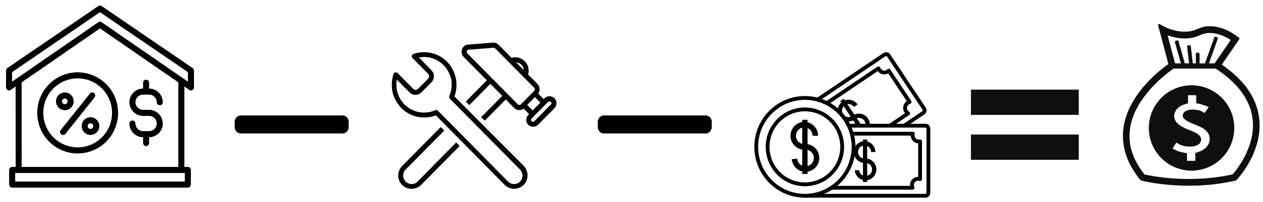
In Texas, we write our contracts on the Texas Real Estate Commissions promulgated forms.

Important Things to Include:

- ALWAYS make contracts assignable
- Option Period

We **always make our contracts assignable**, meaning we are allowed to assign the rights in the contract to another buyer. During the option period, you are allowed to back out of the contract for any reason. You want to have this in place just in case you cannot find an end buyer. Have enough time for closing. You will need enough time to find an end buyer and then give that buyer enough time to close on the property. The contract price is always important.

You need to find a good enough deal and get it at a price to where you can add your assignment fee and have the deal still be attractive to another buyer.



75% of the House's ARV

Repair Estimate

Your assignment Fee

The MOST you can pay for the house

Important tip

The real power in finding an end-buyer is in building a buyer's list so that when you do this again in the future, you can notify as many qualified buyers as possible right away.

Finding an End-Buyer

Now that you have a deal under contract you're on the clock to get that contract assigned to an end buyer.

Buyers can be found in many ways. Find investors in your area. Look at the local facebook real estate investing groups. Go to your local Real Estate meet ups. You can also find lists of cash buyers via software like Propelio.

Once you find a buyer interested in the deal you have a couple options.

- You can do a standard assignment, where you are assigning the rights to the contract to the end buyer. This can be done with an assignment contract. You could Google one if you wanted to, but we always suggest reaching out to a real estate attorney to draft one up for you.
- Your second option is to double close on the property. This is where 2 transactions happen simultaneously at once. You purchase with the seller, and then your transaction with the end buyer.

A very important tip here regardless of what option you choose is to **find a title company that works with assignments and wholesale transactions**. Nothing is worse than having a title company ruin a deal because they are unfamiliar with these types of transactions.

YOU ARE ONLY
ONE DEAL AWAY!

SCAN HERE!

The enTREpreneur™ COMMUNITY