

# Getting Started in **Real Estate** **DAY TRADING**

**Proven Techniques For Buying And Selling  
Houses The Same Day Using The Internet!**



- Works In Any Market, Anywhere, Without Cash, Credit Or Experience!
- Buy and Sell 1, 3 or 10 houses a month and never leave home all with zero risk!
- Start Full Time, Part Time or Spare Time!

★ **NEW** ★  
**REVISED**  
EDITION

**LARRY GOINS**

What if I could share with you a system that would allow you to buy a house, never look at it, and have it sold in less than two hours, all from the comfort of your home?

And what if it was a proven system so easy that you can do it without any cash, credit, or previous experience?

And what if by simply working the system you can buy and sell one, three, five, even 10 houses a month, never qualify for a loan, and make \$5,000, \$10,000, \$25,000, even as much as \$50,000 on a transaction?

**I know it sounds too good to be true, but I do it every month.** And you don't have to take my word for it. Take a look at the quotes and reviews on the back cover of this book from some of the most respected real estate authors and teachers around.

In this book, *Getting Started in Real Estate Day Trading*, you will discover the little-known secrets of how you can profit regardless of the current real estate market. I've developed a system that uses the Internet, phone, and email to literally buy and sell houses the same day and never look at a single one of them.

I use the system full time, but I'm also a speaker, mentor and real estate educator, and thousands of my students are now using the system to buy and sell houses in the United States, Canada, Australia, New Zealand, China, Japan, Israel, Philippines, Ireland, Chile, Spain, Denmark, and elsewhere.

So, if it works in all of these areas, it will work in your city or town.

In this book, you will not only discover exactly how it is done, but you will also receive many *free* downloadable forms, documents, and even *free* admission to one of my intensive three-day trainings where you will get hands-on training taught personally by me—a \$2,500 value.

In addition to that, because you bought this book I will give you a free one-on-one strategy session directly with one of my Education Consultants to help you jump-start your real estate day-trading business.

I hope you enjoy this innovative book, and I look forward to helping you Get Started In Real Estate Day Trading.

Sincerely,

**Larry Goins**



Getting Started in  
**Real Estate**  
**DAY TRADING**

Proven Techniques for Buying and Selling  
Houses the Same Day Using the Internet!

**LARRY GOINS**

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To my wife, Pam,  
who is always standing behind me  
and believing in me no matter what I do.

To my children, Linda and Noah,  
who inspire me to be a better dad. I love you with all my heart!

And to my granddaughter, Ember.  
You are very special, and I love you very much!

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# Foreword

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Michael Gerber

**T**o me, it is always a stunning act when someone moves from thought to action. Larry Goins has done exactly that.

Not just in this book, but in his life. Through his love, commitment, and passion for life, he has deliberately and brilliantly created a new life for himself and those he loves.

And now, through this book, he has created a new life for you. That's what this book means to me. Unlike so many how-to-do-it books, *Getting Started in Real Estate Day Trading* literally takes you, the aspirer to a better life, through a step-by-step process to transform the way you relate to the world of money and work. Larry's book will help you create new possibilities that never existed for you before now.

Or did they?

Is it possible that we all can live in this very same world, and yet, no matter how important our lives are, miss the opportunities that are presented to us everywhere we look?

If only we could see! If only we could see what Larry Goins, and so many others like Larry, can see—that remains invisible to the rest of us. That's what this book means to me as well. It's an invitation to you to see the potential, immediately, of living a life beyond the ordinary—a life of immense opportunity.

It is that kind of genius that entrepreneurs such as Larry Goins, Ray Kroc of McDonald's, Michael Dell of Dell Computer, Bill Gates of Microsoft, and so many more create for the rest of us.

Larry's book gives you an opportunity to take a leap beyond your current life, beyond your imagination, beyond your barriers and obstacles, and beyond your limitations.

All you need do is read it. And then, as Larry did after he read my book, do what you read.

Just think. Your future financial independence lies right here in your two hands.

As the great sports company Nike says, "Just do it!"

To your future. To your life.

**Michael E. Gerber**

Author of *The E-Myth* books and *Awakening the Entrepreneur from Within*

# Acknowledgements

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## Business Acknowledgments

I want to first thank my Integrator, Business Manager, and one of my best friends, **Kandas Broome**. You are much more than a business manager and Integrator. You are the best business leader I have met. You never cease to amaze me and think of things I would never have thought of in the daily operations of the business. You inspire me every day and make business fun! We are a great team and I love you like a daughter.

**David Israel**: You're a great team leader and friend and have fun while getting things done. That is a great leader.

**Dean West**: Dean, you are a great friend and fellow Trump supporter. You are as solid as they come. If everyone was like you, the world would be a better place. We have had a lot of fun over the years, and I look forward to many years to come.

**Kornelijus Vaitekunas**: I am really proud of you and the person you are. You have been with us since you were a teenager, and not many people your age have the work ethic you have. I appreciate all you do, and no one takes better care of our customers than you do. I am blessed to know you.

**Macey Petit**: In the short time I have known you, you have really impressed me. You are a go-getter and have fit right in. You are not afraid to take on anything and always do it with a smile and great results. I am really happy to know you and look forward to working with you for many years to come.

**Nathan Amaral:** No one coaches more students to become successful than you do. I have worked with many coaches over the years helping our students, but you are simply the best. I have learned so much from you about personal development and business, and I look forward to working with you for many years to come.

**Ron Divine:** You have helped so many of our students, and now you are helping our team more than ever! I admire your direct approach with people and how you get results with students and co-workers. Keep it up and don't change!

**Teresa Falls:** Thank you for all you do for our business and keeping us organized. I am blessed to know you, and thank you for having Kandas as a daughter. lol

**Andrea Ochoa:** You are a great real estate investor and leader. Thank you for all you do keeping our team on track and doing deals! I look forward to many more years with you.

**Landon Albrick:** I am really excited to have you on the team. Although it has been a short time, you are already doing deals and making money. I am excited for you as well because I can see your potential and I know you will go far in real estate and life!

**Sylvia Hill:** I love having you at the office. You are an inspiration and a great person to be around. You are always positive and encourage others, and I look forward to working with you for many years!

**Geoffrey Roberts:** You are a great marketer and a great family man. I am very happy that you are on our team and helping us grow through your marketing sensei techniques. Keep up the good work.

## Personal Acknowledgments

I want to thank my mom, **Ann Goins Mosteller**. You have always believed in me and have never ever told me I couldn't do something. That's why I have always succeeded in everything I have done. I miss you very much!

**Lynn Laikin**, I have learned so much from you about life and how to be a better dad, husband, and person, and I thank you for that. I miss you very much!

To **Andy Laikin**, who is the smartest most successful real estate investor I know: I never make a big decision without calling you first. Thanks, Dad.



# Introduction

---

**W**hat if I could show you a brand new, revolutionary way to buy and sell a house and make a minimum of \$5,000 in two hours flat?

And what if you could do this one, three, five, even 10 to 15 times every single month without ever looking at a single house or talking to a Realtor, seller, buyer, appraiser, or attorney?

I know it sounds wild, but this is what I do every month. How could it be? It's all because of a tragic life-shattering event that forced me to develop not only a new system of buying and selling real estate, but also a totally new perspective on my role in real estate—or any business for that matter.

I went from *investor* to *business owner*. And that is a very important shift. I went from full-time involvement in every aspect of my business to practically absentee ownership. If you hate working every day and never getting ahead, read on, because this could be the answer to your prayers. I went from working 60-hour weeks for a little money to working a 3-5 hours-a-week day-trading business, where I sell 10 to 15 houses a month making \$5,000 to \$15,000 on each deal. Yes. You read that right. I did say 3-5 hours. It isn't a misprint.

I look things over and sign off on deals. I spend about 15 minutes on each deal. I never talk to anybody: no buyers, no sellers, no Realtors, and no attorneys. I don't look at houses, and I don't show up for closings. I spend just 15 minutes looking over the paperwork. That's all I do.

How did it happen? I've got to admit up front that I never thought of doing this myself. I never planned it. I never would have done it voluntarily. But because of unexpected events, I had to do something radical that had never been done before. Why? In order to survive.

The traumatic event happened a little over 18 years ago. I was married to a beautiful woman, and we had a two-year-old daughter, Linda. I didn't have a real estate business. I didn't speak at seminars in front of thousands of people all over the country about how to get rich day trading real estate, far from it.

My job as a mortgage broker took an amazing amount of time. I wanted to make more money and spend more time with my family, so I decided to get into real estate investing. But I was terrible at it. I just couldn't make it click. It was all a big hodgepodge to me. I spent too many weekends spinning my wheels with nothing to show for it. With a full-time job and a new family, real estate investing was just too much work for no money.

But life was good. We had just moved into a house that we had bought the previous year, and my wife was happy as a stay-at-home mom. Then it happened. My wife found a lump in her breast, and it turned out to be breast cancer. She started going through chemo, radiation, and surgery. She was only 28 years old.

Real estate had to wait. We were now in survival mode. My mother-in-law, who is a nurse, left her job at a hospice center in Florida and moved in to take care of my wife and daughter so I could work to keep the bills paid. She is a saint.

Two and a half years later, in January of 2001, my wife lost her battle with cancer. After helping Linda and me get adjusted, my mother-in-law went back to Florida. There I was, an only parent with a four-year-old daughter who had just lost her mommy.

After a while, I was motivated to try real estate again, but not like before. Previously, I had dabbled in real estate and wasted a lot of time. Now I had even less time because it was just Linda and me. I couldn't afford to dabble anymore. I had to make good things happen because Linda was depending on me—I had my back against a wall, and no matter what I was facing, I had to succeed. You may have been through a similar situation where you had to rise up and take action. I decided that this time I was going to make it in real estate. I had to find a way to get maximum results in minimum time. I had to do it without working nights and weekends, and I had to do it all while still working a full-time job.

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The goal  
was  
maximum  
results in  
minimum  
time.

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The first thing I did was immerse myself in education.

I attended every course, seminar, and meeting I could find. I studied every real estate course I could get my hands on. I went to the Learning Annex Real Estate and Wealth Expo, and learned from Donald Trump. His teachings about thinking big, finding your passion, going with your gut, and never quitting were priceless. I live by them. Many times Donald Trump's words would echo through my head, "Since you have to think anyway, you might as well think big." "Rich Dad" Robert Kiyosaki made me realize that I had to start thinking like a rich dad thinks. If not for myself, then at least for the sake of my daughter.

It soon became clear to me that I had to come up with my own way of doing real estate. I had to maximize my time and efforts by using technology and applying it to real estate investing. I realized it was now possible to use the Internet, mobile phone, e-mail, and fax to buy and sell houses in a fraction of the time most investors spend on their deals. Now I'm a technophobe, but the necessity of raising my daughter and keeping my family together made me go the extra mile to find a way I could deal in real estate part time without working nights or weekends. I had to reserve nights and weekends for family, because they mean everything to me.

The second thing I did was study success and technology in other industries. I researched Internet marketers, software companies, mortgage companies, franchises, and more. I bought courses, went to seminars, and read lots of books. I read *The E-Myth Revisited: Why Most Businesses Don't Work and What to Do About It* (Cambridge, MA: Ballinger, 1986) by Michael Gerber; *Rich Dad, Poor Dad* (Plata Publishing, New York) by Robert Kiyosaki; *Cash Flow Quadrant* (Plata Publishing, New York) by Robert Kiyosaki; *Rhinoceros Success* (Ramsey Press, New York, 2003) by Scott Alexander; *Think and Grow Rich* (Tarcher Perigee, Boston MA, 2005) by Napoleon Hill; *Good to Great* (Harper Collins, New York, 2001) by Jim Collins; *Traction* (BenBella Books, Dallas, TX, 2012) by Gino Wickman; *Rocket Fuel* (BenBella Books, Dallas, TX, 2015) by Gino Wickman; *Four-Hour Work Week* (Harmony Press, New York, 2009) by Timothy Ferriss, *10 X Rule* (Wiley Publishing, Hoboken, New Jersey, 2011) by Grant Cardone; and many more. I also continue to read an average of one to two books a week. Yes, a week.

I actually listen to audio books and listen at 2x speed so it takes half the time.

I learned how big companies set up systems, so the businesses operate at maximum efficiency, while the leaders take themselves out of the picture.

Michael Gerber's words made an enormous impression on me: "Most people are too busy working *in* their business to work *on* their business. The system is the solution. It works so you don't have to." He taught me how to create a business based on systems and how to become an owner, rather than a manager.

Michael says if you have a business and it can't run without you, then you don't really have a business. What you have is a job. Well, like most people who get into real estate, I already had a job; I didn't need another one. See, most people get into real estate to get *out* of a job they already have. Not to create another one. But most turn real estate into a second job. That wasn't for me, and probably not for you either.

From *Traction* and *Rocket Fuel*, I learned about EOS. Entrepreneurs Operating System.

It is a way to run your business with regular meetings, agenda and goals. Based on EOS, we now have a one-year plan and five-year goal and 10-year target. I also learned how to structure deals, find value, and become a great negotiator from my father-in-law, Andy Laikin. He is the best negotiator and real estate investor I have ever met.

All of that led me to step three. I took action on what I had learned. I created a system that allowed me to become successful in real estate by working only a few hours a week. That's when and how real estate day trading was born—out of necessity. The old way simply didn't work for me. Sure, I incorporated many of the tried-and-proven strategies. But I went a step beyond, and then many, many more steps beyond, until I arrived at something that was truly new and revolutionary.

Real estate day trading is based on wholesaling properties to investors. But it is much more than wholesaling. It is being able to buy and sell a property anywhere in the United States without ever looking at it and having it sold in two hours and close on the buy and sell the same day. My team and I have taken wholesaling to a much higher level. People now call it virtual investing.

I was virtual investing before the term had been created.

Using this real estate day-trading system, I am now able to buy and sell five to 10 houses or more every month. But most important, I've learned to take myself out of the process completely by training other people to work for me. Now my company buys up to 15 houses every month.

We have bought and sold properties in 12 different states, all without ever leaving our office in Lake Wylie, South Carolina. And as Michael Gerber and Gino Wickman taught, I've set up my business to operate at maximum efficiency, and I've taken myself out of the daily picture for the most part. That's why I never talk to a single seller, buyer or Realtor myself.

I have incorporated a lot of technology to automate my business. We do all of our business by phone, e-mail, and the Internet. In deciding what technologies to use, I had two rules: It had to be easy to follow. And it had to bring technology down to a level where anyone, and I mean anyone, could use it without any specialized training whatsoever.

As I mentioned, I'm not a technology buff. Frankly, technology scares me. My dad used to say "if it wasn't for Thomas Edison, we would all be watching TV by candlelight." He was kidding, of course, but that's almost the way I look at technology. It's like e-mail. I have no idea how it works. All I know is if I write someone an e-mail and click send, a little while later they reply to me, but I have no idea how it got there or back to me. The good news is I don't need to know how it works. All I need to know is how to use it. But I can manage it without having any special training. In fact, I'm not even a college graduate.

## How This Book Will Help You

This book includes an easy-to-follow, step-by-step system for you to employ all the labor-saving technologies I have used to put my day-trading business on autopilot.

I'm going to show you how to spend a little time upfront setting up your business so you will have lots of time letting your business work for you instead of the other way around. Once you have it set up, it can produce three, four, five, or even ten or more \$5,000+ paydays for you each month.

In *Getting Started in Real Estate Day Trading*, I'm not talking about conventional real estate investing. Investing is where you put thousands of dollars into a property, spend thousands more to fix it up, rent it out, and then hope that it goes up in price so that you can eventually sell it for a profit. Don't get me wrong, I also invest in real estate for long-term income, but that is not what this book is about.

What I'm talking about here is buying a house at 10:00 AM, selling it at 10:30 AM to a buyer/investor and pocketing a quick \$5,000 to \$15,000 profit in one day, and then doing the same thing over and over again many times every month. This is what it means to do real estate as a business, rather than investing in real estate.

You'll typically have no or very little money invested. So your money is not at risk. You'll have your buyer lined up ahead of time to buy the property for you as soon as you buy it from your seller. It's simple to do, if you know how. This is what my company does.

If you're a veteran at real estate investing, this book can give you a new way to think about what you do. I recently got an e-mail from a student who told me he has been investing 16 years. After looking at my system and starting to set up his own day-trading system, he came to the realization that even though he has been investing 16 years, someone brand new with no experience can get in the business and literally dominate the market by simply using the day-trading system.

He told me that the way I teach my students to buy houses levels the playing field. You don't have to worry anymore about experienced investors taking your deals. You can actually get a jump on them. The guy that said he has been investing for 16 years ... Well, is that 16 years of experience or a single year of experience repeated 16 times? We have all heard, "if you keep on doing what you always do, you keep on getting what you have always gotten." It's the same thing.

In this book, I'll show you exactly what I do. I teach you how to set up a real estate day-trading business, operate your business, and automate it. I don't leave anything out.

By the way, my story turned out to be a happy one. I got remarried and I have a son, Noah, who is 12 years old. My daughter, Linda, is now 20 years old and has a daughter of her own named Ember. I met my wife Pam online. I figured if I could find a house online, then I could find a spouse online.



## SECTION I

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# **Real Estate Day Trading: A New Way to Make Big Money Buying and Selling Houses the Same Day**



# **Click a Mouse, Sell a House: Real Estate Day Trading Is the Easiest and Fastest Way to Make \$90,000 a Year (or More) While Keeping Your Job ... If You Want To**

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**Y**ou can forget all the house-flipping TV shows you have seen. On those shows they buy, rehab and retail a house in 30 minutes.

This isn't the real world. In the flipping business, there are so many unknowns and so much that can go wrong. You can even get stuck with a house you can't sell.

They say the three most important things in real estate are "location, location, location." Well, I am going to show you a world where all you need to focus on are the two most important things: "close the deal and get the money." By the way, there are three most important things in real estate, but they are "make offers, make offers, make offers," as you will soon see.

Technology-based real estate day trading is a whole new way to do real estate, which is only possible because of the Internet, e-mail, mobile phones, mobile apps and other technologies. I can look online and see dozens of pictures of houses for sale in my nearby city of Charlotte, North Carolina, or all the way up in Medford, Oregon. I've actually day traded houses in 12 states so far over the Internet without even seeing the house or leaving my office. So far my team has bought and sold houses in North Carolina, South Carolina, Alabama, Florida, Ohio,

Pennsylvania, Illinois, Michigan, Georgia, Indiana, Texas and Tennessee.

One of the ways I communicate with buyers and sellers is using my websites. I have sites to generate seller leads, buyer leads, private money leads, and much more. Visitors use my websites to get information, tell me about a house they want to sell, look at and buy houses I have for sale, loan private money, and much more. The websites also contains links to contracts and full instructions so that they can make offers without me being involved.

I've set up my websites to send out e-mails from me automatically on a regular basis to keep in touch with my buyers and sellers. You can check out my day-trading site at **www.InvestorsRehab.com** and get on my buyer list, or you can submit a property to me at **LarryBuys-Houses.com**. You can also see the site I use to sell houses with seller financing and lease options at **www.NeighborhoodHousingGroup.org**.

We also offer these sites to our students as well.

I use the Internet and e-mail for social networking with investors, online user groups, and online classifieds. Sites like Google, Craigslist, Facebook and eBay also play a role in my real estate day-trading business. The way I do real estate is really virtual investing—no more driving from house to house; rehabbing; or dealing with mortgages, taxes, insurance, or tenants. Just a clean buy-sell transaction in one day with a quick \$5,000 or more paycheck. And no bricks-and-mortar encumbrances to deal with afterward. It's a lot like day trading stocks. You're in and out by the end of the day. And you are \$5,000 or more richer.

But actually, "I" do hardly any of it. For when I use the word "I," I mean we; I mean my company and my system. I am personally only a very small part of my real estate day-trading system. It is actually my system that does all these things for me.

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## **Real Estate Day Trading Makes Failure a Thing of the Past**

The biggest reason people fail in real estate is because they are alone. At work, there are other people around, and you don't have to do everything by yourself. But in real estate, it's different.

When people start out in real estate, they have a high level of excitement. They hear stories about the success many people are having in real estate.

These stories make it all sound so easy. You go to a seminar or watch a webinar and see people that brag about how much money their making in real estate. Bottom line is, you start out with enthusiasm and no knowledge, after six months you have some knowledge, but the enthusiasm is gone. That's one reason I recommend having a coach or mentor to keep you accountable and on track. It's also why I read books like *Rhinoceros Success* on a regular basis.

## **Click a Mouse, Sell a House: Small Problems Appear Large through Novice Eyes**

Actually, it only seems that way because novice real estate investors lack knowledge. Everything looks daunting at first. Problems such as making offers, which are nothing to a real estate veteran, seem impossible to the newbie. Most newbies find it hard to make offers on houses. Their heads are filled with doubts and fears. They wonder if they are making a mistake and offering too much. They're afraid the seller or Realtor will see through them or not believe they are for real. They are afraid their offer will be rejected, and they are even more afraid that their offer will be accepted. The biggest fear is getting stuck with a house they paid too much for and/or will never be able to sell. Or worse yet, they cannot close on an accepted offer.

To the experienced real estate day trader, making offers is just a routine task they do every day. They know exactly what to do and how much to offer. It's no big deal. Later in this book, I'll explain how you can do this with complete confidence, safety, and zero risk.

Finding a buyer is another big problem to most novices. They are so afraid nobody will ever buy their house. The truth is the exact opposite.

Buyers are desperate to find good houses to invest in. Later, I'll show you how to find the kind of houses that buyers desperately want to buy and how to buy them at steep discounts. Then buyers will line up to buy houses from you.

To me, buyers are never a problem. As you'll see, I have had buyers fighting each other to buy houses from me. Closings are also scary for most beginners. It seems so intimidating to close a real estate deal. With all the complicated paperwork and formalities it does seem daunting. But it's really not.

Once you've been through it a few times, it's a piece of cake. More important, once you have a few competent professionals on your team, including an attorney or title company, you don't even need to be involved in closings. Let your professionals handle all the details. That's their job, and they're much better at it than you or me, anyway.

Funding is also a big problem in most peoples' minds. But when you're day trading, you don't really have to know about mortgages, bankers, brokers, or underwriters. You don't need long-term debt because you're not investing in the house long term. I close many of my deals without any money at all out of my pocket, except for a small deposit or option fee.

If you need some funds to close, as I'll explain, it's easy to use your own lines of credit or find private day funders to let you use some of their money to close a deal. They give you the money in the morning, and they get it back in the evening or next day, with a fee. It's a no-brainer. Later, I'll show you how.

Another big mistake that beginners make is getting involved in complicated forms of real estate investing. They have heard about somebody making big money in luxury houses. So they start chasing luxury houses. They soon discover how treacherous it is and find themselves in way over their heads. The luxury house market is tricky and best left to experienced investors. It's not a good place for beginners to start.

Some people get enamored with multifamily houses, apartments, or commercial real estate. Sure, many real estate moguls have built fortunes in these markets. But it's much too complex for someone who's just starting out part time. I venture to say that most investors buying commercial and multifamily started with single-family houses.

Another problem is delayed gratification. It took Donald Trump about three years to complete his first commercial deal buying a huge property on New York's west side from the bankrupt Penn Central Railroad. Donald Trump had the guts and years of previous experience to see it through.

And now he can even add U.S. President to his resume.

But we are not a Donald Trump. Especially in the beginning, we need to see some tangible results a lot faster than that.

Even investing in fixer-uppers to rehab and flip or rent is a long, complicated process fraught with dangers that can take up to a year or more to complete and sell. There's a lot to know, a lot to understand, and a lot of pitfalls and surprises that could haunt you along the way. Real estate day trading is nothing like this. It's fast, there's minimal risk, and it's simple and uncomplicated. It's find it, flip it, and forget it.

## Real Estate Day Trading Is a Confidence Builder

With real estate day trading, you're in and out in one day, with virtually no risk and no unpleasant surprises. You don't need to know as much. It's also less time consuming to do. You can do it all using the Internet, e-mail, and phone.

You don't have to look at properties because it's all done by the numbers. You have no tenants, mortgages, maintenance, taxes, or insurance. You don't have to worry about tenants

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Real estate  
day trading  
gives  
you small  
victories  
fast.

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not paying, destroying your property, or frantic phone calls in the middle of the night.

As I'll show you, real estate day trading is the simplest and least complicated form of real estate there is. It's the kind of real estate business that you can systematize and bring in others to run for you. That's exactly what I have done. I'll show you how to do this, too.

It's a perfect business for beginners who just want to do real estate part time while they keep their jobs. You can use this system for part-time income, as a business to build your wealth, or just to buy a house to live in at below market prices.

Real estate day trading is a real confidence builder because you get small victories fast. After you read this book, you'll be able to do your first deal in 90 days or less. I've hired people with no experience and trained them to day trade houses for my company. Using my system, some were able to close their first deal in as soon as five weeks. Follow the directions in this book, and you'll be able to do the same thing.

## **Make \$90,000 a Year (or More) While Keeping Your Present Job ... If You Want**

I'll show you how to find houses that you can make money on and explain how to make offers on them. I'll show you how to find lots of motivated buyers who will immediately buy houses from you. I'll teach you how to make \$5,000 or more on each deal. I'll show you how to turn this whole process into something that you can systematize and automate. After that, it's just a numbers game. The more offers you make, the more money you'll make. It's that simple.

Let's look at the numbers. If you make 10 offers a week every single week, you'll be making 40 offers a month. Of the 40 offers you make, you should be able to sign about six contracts every month. Some months it will be more, some months it will be less. But six contracts is a reliable estimate, if you make 40 offers. That's six potential deals and six potential \$5,000 paydays.



## PROFIT POTENTIAL, BY THE NUMBERS

40

Number of offers you make a month

6

Average number of contracts signed a month

1.5

Average number of deals that close a month

\$7,500

Average amount of potential profit each month

But not all of these deals will close. Don't worry too much about any one deal. Remember, it's just a numbers game. If you get six contracts a month, you'll probably actually close one to two deals a month, maybe more.

These numbers are based on results we get in our office. My people are making 5 to 10 offers a day every day and closing 5 to 10 to 15 deals every month. If you make 40 offers a month, you'll close one to two deals.

That averages out to roughly one and a half deals per month. If you close one and a half deals a month, you'll make \$90,000 a year. And that is assuming you only make the minimum of \$5,000 on each deal, so it could be a lot more.

It's not hard to make 10 offers a week. You can make one offer a night and five on Saturday. How much time do you think that would take? Not very much, especially if you use my streamlined system to enable you to work smarter rather than harder.

Now, I know that a lot of things will affect the amount of offers you get accepted.

The number you get accepted will depend on your negotiating skills, the market conditions, the amount of inventory available and how you present your offers. So just keep this in mind. If you are in a competitive market you may have to make twice the amount of offers or more to get a deal or two. I have no way of knowing. This is something you will be able to figure out over time.

However, 40 offers is a good base to start from.

The key, as I mentioned before, is to do the most productive work in the shortest amount of time. In the following chapters, I'll teach you how to use part-time helpers, answering services, call capture services, auto responders, websites, CRM and many other time savers to reduce the amount of time you have to spend on nonessential tasks. This will free you to concentrate your time on doing the one job that is most important: making offers.

Now that you know what to do, set your goals, and don't let anyone or anything stop you. As Donald Trump says, "Never, ever give up!" Just commit to making at least 10 offers a week minimum, and you should make at least \$7,500 a month. That's a nice part-time income. At the end of one year, you'll be \$90,000 (or more) richer. Let's go for it!

## CHAPTER 2

# Real Estate Day Trading: A Business Done Entirely by Phone, E-mail, and Internet

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I like to make a little bit on a lot of properties. I call it “Stack ’em deep and sell ’em cheap.” Day trading real estate is a strategy based on *wholesaling* property to other investors who are ready, willing, and able to buy from you at the right price so that they can make money on the property, although I also sell a lot to people who pay cash and will be moving into the property.

### Timeline for a Typical Deal

Day trading means that you buy and sell a house the same day. However, just as in day trading stocks, you have to do due diligence, research, and preparation before the big day when you close on the property and resell it a few minutes or hours later. Typically, the whole process leading up to a *day trade* takes about 30 days. During that period, you locate a house you can make a big profit on that you want to buy. You negotiate with the seller or Realtor and make a deal. Then you have 15 days for due diligence and title search. Then 15 more days to find a buyer before your big back-to-back *double closing*.

## THE 10-STEP DAY-TRADING PROCESS

**1** Define your target properties.



**2** Separate good deals from bad deals.



**3** Build a database of motivated buyers.



**4** Create an influx of motivated sellers.



**5** Put a reliable source of funding in place.



**6** Build your dream team of trained professionals.



**7** Prepare your buying and selling contracts.



**8** Start day trading.



**9** Use advanced techniques to create a buying frenzy.



**10** Take yourself out of the loop.



## The 10-Step Day-Trading Process

Building a fully functioning day-trading system is a 10-step process. You go from zero money and experience, to a fully automated system to generate one, three, five, 10, or more automatic \$5,000-plus paydays a month. But it won't happen overnight. First you have to build your system, then you work the system to generate money, then you completely automate and delegate all the parts of the system. Keep in mind that the way I have designed the system, you can start small and work your way up to doing everything. In other words, you do not have to implement everything at once.

### Step 1. Define Your Target Properties

Most novices spend too much time looking at properties that don't stand a chance of making money. In Chapter 3, I'm going to make it crystal clear exactly what kinds of houses you should target. You'll learn the sizes, types, and price ranges of these houses. And I'll warn you about the kinds of houses to stay away from. You can then approach the market with the confidence of knowing what you are looking for—what kinds of properties in what price ranges, locations, and conditions.



### Step 2. Separate Good Deals from Bad Deals

Many beginners make deals by the seat of their pants. They are so eager to get started that they just jump in without knowing what they are doing. I call it the “I gotta get a deal” syndrome, which I will explain in Chapter 15.



Others recognize the dangers, get scared, procrastinate, and put off making offers. They're so afraid of failure that they stay safe by doing nothing.

Or they spend so much time deliberating on each deal that by the time they make up their minds, it's too late and the deal has passed them by. Just remember, “You can't steal in slow motion.” Now I don't literally mean *steal*, but be aware that if you can't make a fast decision, the deal will be gone before you know it.

Many real estate investors are slow to act because of the fear of rejection or fear of having their offers turned down, so they are timid during negotiations. As a result, sellers and buyers don't believe them because they don't talk or act with conviction.

In real estate day trading, you need to make fast, confident offers that carry weight with your sellers. That way you can stand out from the crowd and be respected as someone who can follow through—someone who can make offers and close deals. In Chapter 4, I'll teach you my secret formula for making lots of offers quickly and safely—my instant property analysis.

Using this technique, you'll be able to make offers on houses during the first phone call with sellers, safely and with confidence.

### **Step 3. Build a Database of Motivated Buyers**

In day trading, you need to close fast. Therefore, you need motivated buyers in place before you start. That way, when you have a house to sell, all you need to do is announce it and let them come to you with contracts. Once you've established a database of buyers, you don't have to chase buyers.



When you have something to sell, they come to you. You don't have time to scramble around looking for buyers at the last minute. You need a database of motivated buyers who are ready, willing, and prequalified to buy houses from you. In Chapter 5, you'll learn how to use the latest Internet technology to create an online database of motivated buyers. You'll learn how to use the latest strategies in online marketing, social networking, and online prospecting. And I promise that no matter what computer skills you are lacking, you can do it. I've also included some of the most powerful offline methods of finding buyers as well.

### **Step 4. Create an Influx of Motivated Sellers**

The next step, explained in Chapter 6, is to create a swarm of motivated sellers who want to sell their houses to you at sharply discounted prices. You'll learn dozens of online and offline methods to find distressed sellers. Most



important, I'll teach you how to automate this whole process so that once it's up and running, all you need to do is keep it going regardless of what the market conditions are. This guarantees you a steady flow of houses on which to get contracts and offer to the folks in your motivated buyers database.

## Step 5. Put a Reliable Source of Funding in Place

As a real estate day trader, there are many ways to close deals with no money or credit. But many times, you'll need to fund a deal for 24 hours. I'm not talking about investing money in the traditional sense, where money is tied up for many months or even years. What I'm talking about is what I call *day funding*—the overnight borrowing of enough money to close the deal.



In Chapter 7 you'll learn how to access some of the cheapest money on the planet. You'll be surprised at how much money you can raise quickly online. And you'll learn how to find private investors or *day funders* who will fund one-day deals for a small fee. Remember, you need to do this before you close on any deal. In fact, you should make sure your funding is in place before you make your first offer. Chapter 7 explains how.

## Step 6. Build Your Dream Team of Trained Professionals

To streamline your system and sell houses fast, you need trained professionals as part of your day-trading system. Chapter 8 tells you how to use the Internet and social networking to find the right professionals to add to your dream team and how to screen them for competence, efficiency, and reliability.



## Step 7. Prepare Your Buying and Selling Contracts

In Chapter 9, you'll learn all about the paperwork necessary to buy and sell properties in one day. The contracts are simple, but the clauses are important. You'll learn about important "must have" clauses that you need in your contracts to protect yourself. Without these clauses, real estate



day trading will not work. Be sure to prepare all your contracts before you start day trading. It's not that hard to do. But it's a very important step.

## Step 8. Start Day Trading

Now you're ready to make money. When you reach this step, your system is complete, and you can start day trading and start making those \$5,000-plus paydays. In Chapter 10, you'll learn how to make offers and negotiate deals.



You'll learn what to say to Realtors and what to say to owners/sellers. In Chapter 11, you'll learn how to verify and certify your deal by getting a title search, performing your due diligence. In Chapter 12, you'll learn how to advertise your house to motivated buyers in your database. And in Chapter 13, you'll learn the procedure for closing the deal with the assistance of your real estate attorney or title company.

## Step 9. Use Advanced Techniques to Create a Buying Frenzy

Once you are an experienced real estate day trader, you can start implementing advanced techniques to start a buying frenzy among your buyers. It all has to do with a whisper campaign and a short list of super motivated prequalified buyers. Think about this: I don't always have to sell my houses anymore because I have buyers lined up to buy them. Do you see the difference?



I will also show you how to create a VIP buyers list. Using these techniques, I can have buyers begging me to sell them my houses. I'll share all my secrets with you in Chapter 12.

## Step 10. Take Yourself Out of the Loop

In Chapter 14, you'll find out how to automate and delegate 92 percent of the work, leaving you almost completely out of the day-to-day buying and selling. Everyone else does the work. But you maintain complete control and



must approve every deal. You will learn how to use virtual assistants for routine tasks and commission-based property acquisition managers to make offers, negotiate deals, and sell houses for you.

After completing this step, you will have a business that's based on a *system*, not on *you*. Once it's fully implemented, you will no longer be needed in the day-to-day operations. Yet you will still buy and sell five or 10 or more houses every month. That will be the fulfillment of what Michael Gerber defined as an *E-Myth* company, applied to real estate.

There you have it, the whole plan. You need to line up your motivated buyers, funding, contracts, team of professionals, and system for finding motivated sellers in advance. You need to know how to approach buyers, sellers, private investors, and professionals who work with you—what you say and how you are going to gain their trust and confidence. You need a good follow-up system to keep in touch with your buyers, sellers, and success team.

Once you have all the pieces in place, you'll be able to go out and make offers with power and confidence. After you do this for a while, your reputation will grow, and good deals will start coming to you.

## What You Need to Get Started

You need very little to start a real estate day-trading business. You don't need an elaborate office full of paid staff. All you need is a computer, Internet access, and a phone.

You'll also need the following services: answering service or call capture, auto responder, CRM (customer relationship manager software), and a website. And you need to allocate time to set up your day-trading system—about two hours a day for 30 days and you should have everything in place.

Remember, it's a numbers game: If you make 10 offers a week, 40 a month, you should close about one to two deals per month, and make \$5,000 or more per deal. Remember, you may get better results or you may have to make a lot more offers depending on the market conditions where you are day trading.

After you have it up and running for a while, you can hire virtual assistants to do all the online searching for you and bring you the names of motivated sellers that fit your criteria. Then you'll only need to spend about two hours a week making offers, and you'll still close one to two deals a month and make \$5,000 to \$10,000 a month. If you want to make more money, then simply make more offers.

Then, when you're ready, you can use commissioned property acquisition managers to triple those numbers without any additional hours of work on your part. Then we're talking three to six deals a month, and \$15,000 to \$30,000 in income. Is this business exciting or what?!

But remember, these numbers are extremely conservative. In calculating the money you'll make, I talked about a \$5,000 payday. But in actuality, my paydays are often much larger than that. I usually make a minimum of 10 percent per deal. For example, if you sell a house with a \$50,000 "after-repaired" value, you'll make \$5,000. But if you sell a house with a \$100,000 after-repaired value, you'll get \$10,000 on the deal.

The higher the after-repaired value, the more money you should make. Your monthly income could be much greater than the \$15,000 to \$30,000 shown in the previous paragraph! Having said this, I do like the lower priced properties better. You may make less money on them, but there are more buyers that can buy a \$50,000 house and pay cash than there are buyers that can pay \$100,000 cash.

Of course, you've got to put out some effort to make this work. And I know this might be a little uncomfortable at first. But let me let you in on a little secret. There is no growth in the comfort zone! Every level of income requires a different you. I am not the same person I was when I first got started, and neither will you be after you learn and implement these strategies.

Do you think it's an accident that you're reading this book today? I think everything happens for a reason. I can't tell you how many calls and e-mails I get from excited students telling me they have been hoping and praying for something like this. See, your mind and your money go together. Your money reflects your mind.

Now let's get started building your real estate day-trading system!





## SECTION II

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# **Set Up Your Own Day-Trading Money System and Start Making \$5,000 to \$10,000 Cash Paydays in 30 Days**



# It's Easier to Find a House for a Buyer than a Buyer for a House: Get Investors Lined Up to Buy (Wholesale) from You

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**Y**ou may have seen some of the house-flipping TV shows and how they buy, rehab and sell a house in 30 minutes.

Now that's kind of farfetched. Selling a house at full price on the retail market is difficult and time-consuming. You have to show it over and over to people who seem interested but you never hear from again. You wait and wait and wait for someone to make an offer. Then you get an offer and have to go through the agony of a negotiation, followed by an inspection, and then an appraisal. Then if you finally get a signed contract, you've got to wait until the buyer can find financing. This whole process is complicated, time-consuming, and unpleasant. It's no way to make money. In fact, if you follow me at all, you may have heard me say in the past that I love real estate but hate rehabs.



But, as a real estate day trader, I do none of that. Yet I have buyers lined up to buy from me. I send out a simple e-mail, and within a few hours or less, I usually get multiple offers. I pick one and keep the others as backups in case my first buyer falls through for some reason. A lot of Realtors have deals fall through at the last minute because of financing, inspection, and so on, and then they have to put the property back on

the market. When that happens to me, I already have a backup offer ready to go. Is this great or what?

Why is it so easy? It's easy because I have highly motivated buyers who are hungry for the houses I sell.

## **It's All About Finding Houses for Buyers**

Most people think about finding buyers for their houses. I think about house selling in a whole different way. I think about finding houses for my buyers. I concentrate on finding houses to sell to investors and other buyers at wholesale prices. My buyers only buy wholesale. They never pay full retail price.

These investors rehab the house and then sell it to homeowners who will get a conventional loan, live in it, maintain it, and pay the mortgage, taxes, and insurance. Or they will seller finance it or rent it or lease-option it to people who will live in it and pay enough rent for the investor to cover all expenses and make a positive cash flow. Some of your cash buyers will also be buyers that will fix it up and move into it.

I do seller financing and lease options as well. However, using the day-trading system is the fastest way to quick cash to pay the bills and have funds for long-term investment.

## **Real Estate Day Trading Versus Real Estate Investment**

Real estate day trading is a real estate business, not an investment.

I provide a service—providing properties to investors at wholesale prices—and I get paid a fee for my service, like any other service provider.

When I want to invest my money long term, I invest in lease-option and seller-finance properties, triple-net-lease commercial properties or use my money to become a day funder or hard-money lender to other investors and/or rehabbers.

My buyers, on the other hand, are real estate investors and/or rehabbers. They invest their money buying the property and making the repairs necessary to bring a house to excellent condition in order to sell it retail or lease it to end user consumers.

It's just like a manufacturing business. The manufacturer produces the product and sells wholesale to stores that retail to the public. In this case, I don't make the product, but I find products (houses) that retailers (investors/rehabbers) fix up and sell or rent to the public (the homeowner or renter). They make profits from renting or selling the product (houses) retail.

Investors/buyers are very motivated. They are hungry for more and more product (houses) to fix up and sell. They've got to have a lot of houses in the pipeline to make a profit. The more houses they buy and fix up, the more profit they make.

Homeowners buy houses to live in. They only buy a few houses throughout their lives and are very particular about what they buy. It's a very personal thing. The house has to be right for them. And everything must be in tip-top condition. They take a long time making up their minds on a house. They need to fall in love with it before they buy it.

It's not so with investors. Investors never think of houses in terms of whether they would live there themselves. To investors, a house is just a product to retail to end users. Their decision is completely impersonal and by the numbers. They will buy a house quickly if it's the type of house they can fix up and sell fast and if they can buy it at a low enough price. If you give these investors/buyers what they want, they will buy over and over from you.

## **Think Like a Supplier**

You don't have to waltz real estate investors around a property and do a song and dance to get them to buy. You don't have to dress up the property. You don't have to tell them how nice the neighbors are or how great the school system is.

But they don't buy just any house, at any price, in just any location. They have many definite needs in a house. If you bring them houses that

fit their needs, you won't have to work hard to find them. They'll beat a path to your door. And once you have a buyer, you can sell houses to that same buyer many times over. I have one investor/buyer who has bought over 20 houses from me.

But first, you need to learn what they need. If you can supply them with what they need, you'll become very rich and successful. And you won't have to work very hard. The trick is that you've got to think like a supplier.

## What Kinds of Houses Do They Buy?

The vast majority of investors/buyers are looking for what I call bread-and-butter houses. You should focus on modest houses located in low- to middle-income areas that need repair.

It's as simple as that. Yet most real estate beginners go wrong by making things too complicated. They have no strategy for choosing where and what to buy and how much to pay. They often end up buying houses they can't possibly make money on, get disappointed, and quit.

Just stick with modest low-to-median-priced houses in need of repair. Houses in need of repair are the most profitable because they are the easiest houses to buy dirt cheap. Investors want these houses so that they can build what's called "sweat equity." They sell the house for a higher value than the cost of repairs.

For your investors/buyers to make a profit, they need houses they can buy dirt cheap. They've got to be cheap enough that you can collect a sizable fee and still sell it to your buyer at a low wholesale price. So, you have to be able to buy the house below wholesale.

The reason to focus on low-priced houses is this: Most of your investors/buyers want low-priced houses that they can easily afford to buy with cash, without the hassle of financing or the need to get a

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hard-money loan or a private-money loan (more about that later). When you get into higher-priced houses, you lose a lot of buyers because they don't have enough cash to buy houses with those kinds of price tags, or they are scared to take on such a big mortgage.

Using traditional mortgages to buy investment houses is not an option. It's too slow, and it's too hard for most investors to qualify. Banks don't like to lend money on fixer-uppers. Later, I will show you how to get the money you need and how to help your investors/buyers get all the money they need as well, which makes it easier for them to buy from you.

You are not going to find many low-priced houses in need of repair in upscale neighborhoods. There may be some. But they are few and far between. Even if you find a \$300,000 home in need of repair in a nice neighborhood, it will be harder to sell to your investors/buyers because very few of them will have that kind of cash to buy a house from you at a moment's notice. As real estate day traders, we want to deal only with buyers who can close fast.

The \$300,000 I used in this example is much higher than the median priced home in my area. If you live in an area like Orange County, California, \$300,000 would be below the median for that area. It's true that some investors make great money on upscale houses. In fact, a couple years ago I day traded a house for \$345,000 that I had under contract for \$300,000. All I had invested was a \$500 deposit. But that's not your typical real estate day-trading deal. Real estate day trading is when you focus on low- to middle-income houses that need repairs. If you do so, you'll find 10 times as many hungry investors who will buy properties (as is, sight unseen) from you. Give them these houses, and you will have buyers who will come back to you over and over again to buy more houses. It's a great repeat business.

## **Low Income Doesn't Mean No Income**

Let me be completely clear. I'm talking about clean, safe, low- to middle-income areas; places where people work and raise families; where people want and can afford to live. I'm not talking about what

I call “war zones.” War zones are high-crime areas where many of the residents don’t work. These are unsafe areas where crime is rampant and property values are extremely low. If you are selling to a buyer that will be renting out the proper instead of retailing it, then they will more than likely be more interested in the lower priced properties. When selling to a fix-and-flip rehabber, the ARV or after-repaired value needs to be high enough to attract buyers that will want to own that kind of property and be able to qualify for a mortgage. In other words, people who are buying a home with a mortgage to live in it do not typically buy in areas where most of the houses are rental houses.

## Most Houses Are Not for You

You can ignore most of the houses on the market. Most of these houses are being sold by Realtors and homeowners who want to sell their houses retail for full market price. They want to sell, but they don’t need to sell. There’s a big difference. People who merely want to sell are not motivated enough to sell to you at below retail prices. You don’t want to pay any attention to most houses listed at full retail prices. We do buy a lot of properties from Realtors, but most of them are bank-owned properties. Think about it. Banks are in the lending business, not the real estate business. There is no chance of a bank taking a property off the market because they decided not to sell it. Banks *are* going to sell it eventually, and the sooner the better for the bank.

Buying houses in low-to-middle-income areas, that need repair, at below wholesale prices, eliminates a lot of the houses on the market. It’s important to be absolutely clear on this. A good rule of thumb I learned a long time ago is, if there are people jogging in the neighborhood, then the area is probably a little too nice to focus on. The next chapter tells you exactly how to find the houses priced to meet your standards—houses that can satisfy your buyers and will give you a hefty fee.

In South Carolina where I live, these low-income houses usually sell from \$50,000 to \$150,000 retail. The lower priced ones being the rental properties and the higher priced ones being the retail properties. In your area, that number may be the same or it may be higher. You should just

target houses that sell right at or below the median price for existing single-family homes in your area.

## **Goldilocks Houses—Not Too Big, Not Too Small, Just Right**

Most of your buyers will be looking for houses that are not too big and not too small. Big houses are more expensive. Fewer buyers will be able to come up with the cash to buy them. The ideal house to sell to investors/buyers has three bedrooms, two baths, and is typically less than 1,600 square feet. These are what I call “Goldilocks” houses.

You can vary this somewhat. Three-bedroom, one-bath houses are okay, if they are large enough—at least 900 square feet. Four-bedroom, two bath houses are also good. Don’t buy anything smaller than 750 square feet. Home buyers don’t want them, Realtors don’t want them, and your investors/buyers know this and will not typically buy them from you. Also, many lenders have guidelines that will not allow them to make a loan on a house with less than 750 square feet. I personally will not buy anything less than 900 square feet.

You might consider buying a large two-bedroom house that has enough space to add a third bedroom within the existing square footage. Your investors might be able to make money on that. But you will have to get it for a very low price to afford the cost of constructing a third bedroom. Make sure you can add the third bedroom within the existing square footage. It is much cheaper to do that than add square footage.

One of my students came to me with a two-bedroom, one-bath house that he could pick up very cheap. He wanted to fix it up and sell it retail. It was a great deal, but I advised him not to buy it. When he asked why, I told him that he would never be able to sell that house. Nobody would buy it because almost anyone that can qualify for a home mortgage would not want a two-bedroom house. Most qualified home buyers are looking for houses with at least three bedrooms.

Of course, there are exceptions to every rule. Some home buyers may want to buy and live in a two bedroom. But you drastically reduce the number of retail buyers who may want the property if it is a two

bedroom. I always believe in going for the low-hanging fruit first. That's why I stick with three-bedroom houses. My buyers/investors favor them.

## **Avoid Townhouses, Condos and Multifamily Houses**

To make the most money in real estate day trading, you've got to grab the low-hanging fruit. I always go for the big numbers. The biggest money and the easiest deals are in low- to middle-income areas—not too big, not too small—that need repairs. Ignore the rest. This includes multifamily houses like duplexes, triplexes, or quads. People who can qualify for mortgages on those don't want to live in them.

Also, I would stay away from townhouses and condos. They are more difficult to rent out with a positive cash flow because of the association fees that must be paid monthly. Also, they don't hold their value as well and are more susceptible to market corrections.

Your investors/buyers want to buy detached single-family houses, not too big or too small, that need repairs, located in low-to-middle income areas. That should be your focus—and your only focus—in day trading, at least in the beginning. That's how you can get them lining up to buy houses from you.

## CHAPTER 4

# Instant Property Analysis to Identify Profitable Deals

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**Y**ou know that your target houses are in low- to middle-income neighborhoods. You also know that most of them will be bread-and-butter houses—three-bedroom, two-bath houses in need of repair that you can buy at a big discount.

As mentioned before, houses with one bathroom or one and a half bath are okay, too, especially if you are selling them to be rented out.

Now I'm going to narrow down your search even further. In this chapter, you'll learn how to evaluate houses instantly and make strong offers that will ensure it's a deal where you and your investor/buyer will make money and you'll be able to sell quickly.

The structure of my instant property analysis system works anywhere. But the actual numbers will vary from location to location. Where I live, the cost of houses is on the low side. In the Carolinas, the houses I buy usually have an after-repair value in the \$50,000 to \$150,000 range. In big cities like New York, Chicago, Los Angeles, Atlanta, Boston, Philadelphia, and San Francisco, the average will be higher. In some of these areas, low- to middle-income houses sell for more than \$200,000.



## More Offers Mean More Money

In real estate day trading, the more offers you make, the more money you make. Always remember that. Offers are like money in the bank. If you are timid about making offers, you'll never make money in real estate day trading. It's OK if you are timid now, but once you start making offers, it will eventually come naturally.

Some people are frightened to make offers on houses being sold “as is.” First, you don't really know for sure exactly what you're buying, the cost of repairs, how much you can sell the house for, or even if you'll be able to sell it at all. The biggest reason most people don't want to make offers is because their biggest fear is “What do I do if they take it?” In the next chapter, I will show you how to build a database of hungry buyers so you'll never be afraid that your offer will be accepted.

I designed my real estate day-trading system to enable you to fearlessly make strong, powerful offers on the first phone call. This chapter explains how to make lots of offers without the slightest hesitation.

Later, I will show you how to make automated offers without having to get on the phone with a seller or Realtor, but for right now we will focus on analyzing a deal to get your first offer out before getting off the phone.

The first step is *instant property analysis*, which allows you to analyze a house on the first phone call with a seller or a Realtor. Some investors talk to sellers and, after the call is over, spend hours inputting numbers into spreadsheet programs that include every conceivable expense that could ever occur so that the program can spit out return on investment (ROI) numbers for 5 to 10 years or more into the future. They do all of this to make a simple offer on a small house. By then, they have lost touch with the seller and end up playing phone tag for days or weeks. When they finally get a second phone call with the seller, the moment has passed, and the deal is gone. Using this method, it's hard to make very many offers, and it's hard to make any money. It also wastes a lot of time. In my experience, all you need are a few numbers and a few simple calculations to know exactly what you can offer on any house. In fact, I tell everyone I do business with—investors, Realtors, and owners/

sellers—that I will make an offer on the phone on any house on the first phone call. I don't hang up until I make an offer.

Remember, making an offer is only the first step toward making a deal. You don't have an actual deal until you go through the negotiation process and reach a meeting of the minds with your sellers. Making more good offers means making more good deals. It's important to make only good deals. There are many good deals out there to be made. You don't have to waste your time chasing after bad deals that are impossible to make money on. Before making an offer, you've got to know beyond a shadow of a doubt that you will make money. If not, then just pass. Get off the phone and go on to the next phone call. You don't have to chase bad deals and hope they will magically become good.

This is especially true for beginners. On your first few deals, you want to make sure there is plenty of profit in each deal. In other words, you want your first few deals to be home runs! The worst thing you can do is get involved in a marginal deal and get discouraged and quit the business.

I want you to use my instant property analysis technique to make offers on your first phone call. At first it will feel odd making offers without seeing the property. But after you do it a few times, it will come naturally. The goal is to get your offer to them right away to start the negotiation process.

After all, you are not going to buy the house on the first phone call. The purpose of the first offer is to start the negotiation process and get the seller to feel “attached” to you. When you make an offer, the seller will remember you. You may be the only person they've talked to who's actually made an offer. You'll impress them as different, and they'll respect you as a doer, rather than just another talker. This is especially true if you are dealing directly with the seller.

My father-in-law, Andy Laikin, is the best real estate investor and negotiator I have ever met. I have learned more from him than from all the real estate gurus put together. He calls this technique “getting them in the glue.” Do this 10 times a day, every day, and you'll create a tremendous momentum that will lead to lots of \$5,000 or more paydays!

## Two Simple Questions

When talking to sellers you need the answers to two simple questions to do my instant property analysis:

- 1. What will it sell for after it's repaired?**

That's the after-repaired value, or ARV.

- 2. How much will it cost to repair?**

If it's a rental property, you will also need to know the estimated monthly rent. And if it's a for sale by owner (FSBO) property, you need to know the current loan balance and if they are behind on the mortgage payments.

That's all you need to know. You already have all the other information—price range, location, number of bedrooms and baths—or you wouldn't be talking to the seller.

## What Will It Sell for After It's Repaired?

This is an estimate of how much the house would sell for in good condition once repaired. It's based on the price that similar houses in excellent condition have sold for in the same neighborhood. Most Realtors who list properties know this information. After they agree to list the property, they always do a comparative market analysis (CMA) for every seller and base the asking price on it. They know how much houses of this size and type are selling for in the area. Don't be afraid to ask them. If the property being listed is a bank-owned property that has been foreclosed on, then the Realtor has probably already performed broker price opinion (BPO) on the property to give the bank an idea of the price for which the property should be listed. But remember, a BPO is an opinion of what it should sell for in its existing condition. This is not something we should be concerned about. We are only interested in the ARV.

And most homeowners know approximately how much their house is worth. Sometimes, a family member or friend happens to be a Realtor and tells them what their house is worth. Gossipy neighbors spread the word about houses selling in the neighborhood. Many have their houses appraised to get home equity loans and can base their estimates on

that. They can usually come pretty close, but my experience in the mortgage business is that an appraisal for a refinance or home equity line of credit and an appraisal for purchase can be very different. Appraisers will typically be more liberal on a refinance or home equity loan appraisal than on a purchase appraisal.

Always ask the seller or Realtor for a ballpark number or range. For example, ask, “What would your house be worth in top condition? Just give me a ballpark.” They’ll say, “I’d guess about \$100,000 to \$120,000.” Always use the lower number. In this case, I’d use \$100,000 in my property analysis. Some people might say, “Well it has a current value of \$80,000.” But the current value is meaningless. You’re not going to sell it based on its current value. You’re going to sell it wholesale to an investor/buyer who will fix it up and sell it, rent it or live in it. You need to know what it’s going to sell for in mint condition.

On this first call, all you need is a ballpark number to make your first offer. As you will see later, your first offer will guarantee a profit, even if the seller or Realtor is not entirely accurate. Before you ever close on any deal, you’ll verify both the value and the repair costs. I have closed deals every month for many years, and the ballpark numbers I got from my initial phone call with the seller or Realtor have never steered me wrong.

Remember that you are not going to buy it on the first call. You just want to get your offer out to them in a way that leaves the door open for you to call them back or for them to call you back. Also, you want to get them into your database to be able to follow up with them. Remember, we want to “get them in the glue.”

Ask the seller to ballpark the repair costs, too. On the repairs, you should use the *higher* number, if they give you a range. That way you will be more conservative in your offer amount.

Resist the temptation to lower the ballpark numbers you get from the seller because you want to be conservative. In the previous example, when a seller gives you a ballpark of \$100,000 to \$120,000, some people might want to be conservative and use \$90,000 in the property analysis.

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All you  
need is a  
ballpark  
number to  
make your  
first offer.

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Don't do it. Use \$100,000. You're already being conservative by using \$100,000. Lowering it by another \$10,000 will result in your offer being too low. Then your low-ball offer might be too low, which will make it more difficult to make a deal. Don't worry too much if you get bad information, we are going to verify everything before closing.

## BONUS!

If you use **the right verbiage when making offers**, the seller will not get offended. It's not only what you say but also how you say it. If you would like to get a copy of the scripts I use when talking to sellers and Realtors, you can get them by going to **[www.RealEstateDayTrading.com/Bonuses](http://www.RealEstateDayTrading.com/Bonuses)**.

## How Much Will It Cost to Repair?

Sometimes, sellers or Realtor will say, "I don't know" when you ask, "What's it going to cost to fix up the house"? Then you should also say the words, "Just a ballpark." Sometimes no matter how hard they try, sellers or agents can't come up with a number. If they still can't give you a range, then ask about the condition of the house: Does it need carpet? Has it been painted inside or outside lately? How's the roof? Does it need landscaping, windows, or a new front door? How does the kitchen look? Are the bathrooms in good shape?

I have found that most fixer-uppers typically need at least \$10,000 in repairs, some need \$15,000, and some need as much as \$20,000 or more. From the answers to these questions you will get a pretty good idea of how much work needs to be done. Then you can pick one of these numbers to plug in to your instant property analysis. Don't worry about being exact at this point. You will verify everything later, so there's no risk.

Most Realtors are reluctant to quote repair costs because they don't want to be held accountable. Just tell them you won't hold them to the

number they give. I tell them, “Just give me a ballpark figure, and I won’t hold you to it.”

Most Realtors have property disclosure reports from homeowners before they list the house. They know what shape the house is in and what repairs need to be made. They will tell you if you are persistent. However, if it is a bank-owned property, the bank is not required to fill out a property disclosure form for the Realtor, as a general rule.

## A Third Question You Need to Ask

If you are working with a FSBO property, you also want to know the loan amount. You are looking for houses in need of repair that have a low loan balance or are owned outright, with no loan balance. Why? Because as a real estate day trader you are looking for houses you can buy at deep discounts from after-repair retail value of the house. For me, the *maximum allowable price* I will typically pay is 60 to 65 percent of the after-repair value as an all-in price. Meaning, I do not want to pay more than 60-65 percent including repairs. At this price, I can turn around and resell the property to an investor for 70 percent of the after-repair price—and it will still be a good deal for them. After they make the necessary repairs, they will still have 30 percent equity.

To buy houses at this kind of discount, the house must need repair work. When analyzing a deal, always remember that the price you can offer is limited by the amount of the mortgage. If the mortgage amount is close to the after-repair value, you cannot buy the house at a good discount off the retail after-repair price. If the existing mortgage is higher than your maximum allowable price, then you can’t make any money buying the house unless you do what is called a *short sale*. More on that in a minute. In this case you would have to buy at a price below the amount of the loan. But the lender wants to get paid and wouldn’t agree to this deal.

## **A Fourth Question You Need to Ask**

If you are going to be selling the property as a rental, then you will want to know the rents or potential rents. This is important because as a rental, the cash flow is more important than the ARV. A lot of investors will tell you that you should expect about 1 percent per month in rents, but I personally like to see more than that. I like to see at least 2 percent or more. In other words, at a 1 percent rental income per month, if the monthly rents were \$500 per month then the investor would be willing to pay \$50,000. As previously mentioned, I like to see more. You can, however, sell rental properties to some investors at 1 percent but always shoot for more if you can. It makes your property stand out and easier to sell. We will talk more about how to find rent comps later.

## **Short Sales Are Not the Best Way to Day Trade Houses**

If you're dealing with a pre-foreclosure, many times the mortgage on the property is too high to allow you to get the discounted buying price that you need to make a profit when you resell. In this case, you could try to get the lender to agree to a short sale—allowing the owner to sell to you at less than the mortgage balance, so the bank would write off a portion of the mortgage as a loss. You can attempt this, but it is a complex process that takes a long time. As a beginner, I wouldn't suggest attempting a short sale until you have a lot of experience and training in short sales.

One of the keys to short selling is to find a house that is in extremely bad condition. Then you have some leverage with the lender. But remember, it won't happen overnight. It takes a long while to complete a short sale. I believe in going after the low-hanging fruit. There are many other houses out there that you can quickly buy at steep discounts and sell to your buyers/investors quickly. So why should you put a lot of time trying to climb up to the top of the tree to get a short sale for day trading when there are a lot of great deals just ripe for the picking on the lower branches? I have done short sales, and typically you can make more

money on a short sale than you can on a day trading deal, but they take so long to complete that they don't work for day trading, in my opinion.

For day trading, the best strategy is to stick with houses that need repairs, that you can buy at a steep discount off the after-repair price, and resell to buyers/investors at 70 percent of after-repair value. That way you'll have buyers lined up to buy from you. If you step out of this business model and start acquiring houses that don't need repairs, or that are only slightly below market value, you could quickly get stuck with houses you can't sell. And that could be costly. Don't stray from the day trading model I'm teaching you.

Sometimes sellers or Realtors will balk at giving you the loan balance. If they do, just say something like, "Jim, let me tell you how we work. We buy 8 to 10 houses every month. (If you are just getting started, you can leave out the number of houses you buy a month.) We pay all cash, and we can close as soon as you are ready. I am prepared to give you an offer on your house right now, before I get off the phone with you. I need to know roughly how much the loan balance on this house is. Just a ballpark estimate will do."

You can use the same speech when a seller or Realtor hesitates to estimate the repairs or the after-repair value. If the Realtor refuses to give you an answer, ask him or her to contact the seller for permission. Realtors have a fiduciary responsibility to the seller if they are the listing agent. They may not give you the information unless the seller has advised them it is okay to tell a potential buyer. The Realtor may be able to call the seller and ask if it is okay to tell you. When you're talking to homeowners, in addition to the loan balance, you need to know how far behind they are on their payments. Instead of asking, "Are you behind on your payments?" ask "How far behind are you on your payments?" If they are not behind, they will tell you. If they are behind, they assume



**BONUS!**

All of this is covered in the **FSBO and Realtor scripts** included with this book, and you can get them by going to [www.RealEstateDayTrading.com/Bonuses](http://www.RealEstateDayTrading.com/Bonuses).

you already knew. This is a less embarrassing way of telling you that they are behind.

I will give you more detail about how to get the information you need and make them a good offer before you get off the phone. I'll also explain how to present a low offer in a way that will be respected and won't offend the Realtor or seller or be rejected outright.

## Run the Numbers

In my market, I have been able to wholesale houses for 70 percent of the after-repair value. This may be the same or different in your market depending on market conditions, the price range of your houses, and what investors are willing to pay. In a hot market, you may be able to wholesale houses at 75 percent or even 80 percent of the ARV. On the other hand, in a market where there are a lot of houses, you may need to wholesale them at 60-65 percent of ARV.

For me, the 70 percent figure includes the purchase price and the cost of repairs. That means that I have to buy the property at a low enough price that when I add in all the repairs and my day trading profit (more detail on this below), the total is less than or equal to 70 percent of market value. I used to figure in closing costs and other costs, but I have since simplified the process.

When I can put together deals at 70 percent of ARV, investors/buyers will eat it up. It leaves a lot of room for them to make a big profit on the deal. That's why they line up for my deals. To cover these costs, and stay under 70 percent of the after-repair value, I have to be able to buy houses for about 60 to 65 percent or less of the after-repair value.

## Do an Instant Property Analysis

Here's my step-by-step instant property analysis system:

1. **Start with the after-repair value.** Let's assume the seller tells you the after-repair value is \$100,000 to \$120,000. Then use \$100,000 as the after-repair value.

2. **Multiply the after-repair value by 70 percent.** Multiply \$100,000 by 70 percent and that gives an investment value of \$70,000. This is the total amount of money that needs to be invested (your resale price plus the cost of repairs) to get the property in excellent condition, to sell it at retail prices or to rent or lease-option it to a tenant.
3. **Now you need to subtract the repair costs.** If the seller estimates repairs at \$10,000 to \$15,000, then subtract \$15,000. That leaves \$55,000.
4. **If you think there's a possibility that the property will probably be rented instead of sold by a fix-and-flip investor, gather rent comps.** This will give an idea of how much income the property can generate on a monthly and yearly basis. A lot of landlord investors look for at least 1 percent per month in rents based on their all-in price. However, I like to see at least 1.5 percent to 2 percent per month.
5. **Now include your fee on the deal. Subtract it just like the repairs.** You would be surprised how many people actually add their day-trading fee.

You'll generally want to make 5 percent to 10 percent of the after-repair value at least. Start with 10 percent or more; you can always come down. This gives some room to negotiate later if you need to lower the price. In this case, start with 10 percent of \$100,000 after-repair value. That's \$10,000.

Subtract \$10,000 from \$55,000, and the result is \$45,000. This is the maximum you can pay for this house and still make a profit for yourself and offer your investor/buyer a deal on which he or she can make a profit. You cannot pay more than \$45,000 for the house.

That's it! I used to include other cost like hard-money lending cost and closing cost and even a little for taxes and insurance for the buyer. I do not do this anymore. I prefer to keep it simple.

Just know that any cost that you incur will come out of your gross day-trading profit.

For example, I used to always get an appraisal, which costs about \$400. Although I do not get appraisals anymore, when I did, I would figure that into my cost.

I do always get a title search which is a part of the closing anyway as you want to make sure that you and your buyer are getting a clean title. With houses in extremely bad condition, I used to get a home inspection which is rare but that costs me about \$300. And if I am doing a physical close instead of an assignment, option, or simultaneous closing, I have to account for my closing costs. However, as previously mentioned, I do not figure in these items anymore.

## So How Much Is Your Initial Offer?

My offer must be lower than the \$45,000 because I want to leave room for negotiation. This is true unless I am bidding online on a HUD house or a house that is listed in an auction.

I will typically offer about 10 percent to 20 percent below the maximum amount I can pay. I always use an odd number. An odd number makes it appear that I have calculated my costs carefully. In this case, if the maximum I can pay is \$45,000 then I would probably offer something like \$38,677 and negotiate from there.

If I had used a round number like \$36,000 or \$40,500 (10-20%), the seller would think I am just throwing out a number. I always want them

### **BONUS!**

I also have a simple **Instant Property Analyzer** that does all the work for you. It is a simple easy-to-use analyzer that allows you to make offers in two seconds flat. It is included with the purchase of this book and available by going to [www.RealEstateDayTrading.com/Bonuses](http://www.RealEstateDayTrading.com/Bonuses).

This Instant Property Analyzer works wonders and will help you to double the number of offers you make.

to think I have done my homework and calculated the number down to the dollar. Especially if I am dealing with an individual. Once you've gone through this a few times, it's easy. It's simple math.

## Buy Houses Sight Unseen

Using this system, you can make offers on houses sight unseen. You'll even be able to close on houses without ever seeing them.

In the beginning, I recommend that you go look at houses before closing on them if you can, especially if you are new to real estate and the property is in your own city or area. If you are day trading too far away, then I will show you how to have someone else go look at it for you.

Either way, it won't be long before you will be able to complete the entire transaction without ever looking at the house. We do, and many of our students do it all the time, too. We now do all our business by phone, e-mail, and Internet. However, we do hire someone we can trust to do this for us. Later, I'll show you how you can do this, too.

Once you have your day-trading system set up, you can go into any market, in any city, anywhere in the country and buy and sell houses without seeing them. That is exactly what we do. We are buying and selling houses in new markets where we have never been.

## Day Trading Luxury Homes

I mentioned luxury homes earlier, but I would like to go into more detail here. Although you can make a lot more money per deal, I'm not a big fan of day trading luxury homes. When buying luxury homes, all the numbers change. You must buy luxury homes at a much larger discount simply because the values of a luxury home can change a lot depending on the appraisal.

Appraisals of luxury homes are extremely inconsistent and unreliable, based on my experience. I usually deal in the low-to-middle income housing market where the appraisals do not vary too much from the norm—usually no more than 2 percent to 5 percent. But appraisals

of luxury homes can fluctuate by 20 percent or more up or down. You never know what you're going to get. If you use 70 percent of appraised value as a selling price target in luxury homes, as I do in my lower-priced market, you would be taking too great a risk. You'd want to change that to allow for this wider margin of error in your instant property analysis.

If you find a luxury home that you can buy for 80 percent of appraised after-repair value, don't get too excited. It's not nearly enough of a discount. You've got to allow for an appraisal that will wipe out some of the discount margin. You need a better deal than that, at least a price that's 60 percent, or maybe 50 percent, of market value. The most you will be able to wholesale the property for is 70 percent to 75 percent of market value. As a rule, I do not buy a luxury home unless I can get it at 50 percent to 60 percent of after-repair value, including all the costs involved. I learned this from luxury home expert and author Frank McKinney. He specifically says you need to be at 50 percent on a luxury home. I would stay away from them until you become an experienced day trader.

## Three Types of Deals

When you're buying houses from distressed sellers, you are likely to encounter three different types of deals:

1. **Houses with little equity that need no repairs:** Homeowners in default are looking to sell their house fast just to get out of their loan. In the case of a house in good condition, if the loan balance is close to the market value of the house, there is nothing you can do for them unless you can negotiate a short sale, which can take time.
2. **Houses with some equity that are in good repair:** You can usually pay up to 80 percent of the market value and flip these to a buyer/investor who can immediately rent them out for a positive cash flow. You can also sell these to owner occupants that are looking for a good deal and have some cash to buy at a discount. If the 20 percent equity house needs repair, you should pass on it. The cost of repairing the house will eliminate

the possibility of making a profit. There is no reason to even market for these kinds of houses. Even though they do not need any work, they can be harder to sell because there is less of a discount and not as much room for an investor buyer to make any money.

3. **Houses with more than 50 percent equity:** These are the best kinds of houses for day traders. With houses like this, there is a good chance that the total amount invested after repairs and your fee will be no more than 70 percent of the after-repair value. The 70 percent may be different in your area as previously discussed.

That's why you need to know the loan amount. Your bread-and-butter houses should have a low loan balance or are owned outright with no loan balance. These are the kinds of houses you can buy at a steep discount and sell quickly to a buyer/investor. Most need repairs or updating, and some are vacant.

## Make Your Deals Irresistible to Buyers

I've shown you how to evaluate houses instantly and make strong offers that will ensure that you make deals in which you and your investor/buyer will make money. Here's how you can make your deals absolutely irresistible. This will make your buyers choose your houses over your competitors' houses and incite them to make offers on your houses sight unseen in two hours or less.

This is important, because in real estate day trading, time is critical. Once you get a contract to buy a house, you must find a buyer to resell it to within 30 days. So, once you sign a contract, the clock is ticking. If you can't sell in 30 days, the deal is dead and you lose your deposit. It's not the end of the world, but you don't want this to happen too often. You'll lose good deals, you'll lose valuable opportunities that could make you a \$5,000-plus paycheck, and you'll lose your earnest money deposit which is typically \$500 when working with Realtors but can be much less when buying direct from an individual.

In day trading, your only risk is your earnest money deposit that you provide when you get an offer accepted. I'll teach you some ingenious techniques to protect yourself from ever losing your deposit. We add some important clauses to our contracts that protect us for any risk of loss in making offers on houses sight unseen.

With most real estate wholesalers who aren't day trading, once the offer is accepted and the contract signed, they immediately try to sell the house. Most wholesalers push buyers to hurry up and make up their minds because of the 30-day time limit the seller has given them.

Therefore, most investors view deals from wholesalers with a healthy skepticism. They are cautious and usually take the time to inspect the property thoroughly before making an offer on an as-is house. If they buy it, they are stuck with it, no matter how bad or unprofitable it is.

We do things a little different. We try to make our houses easier for the investor/buyer to evaluate and less risky. They are motivated to sign contracts on our houses sight unseen in less than a few hours. When an investor buys from a typical wholesaler who hasn't done his or her homework, and the investor finds out after the fact that the house wasn't as good a deal as he thought, he will never buy another property from that wholesaler again.

That does not happen with us because we try to make sure our buyers/investors get a good deal.

First, we make sure our contract to buy the house contains a 15-day inspection period to protect us and allow us to back out of the deal if we need to.

Once we sign a contract with the seller, we immediately send someone out to take many pictures throughout the house and thoroughly inspect the house and give us an idea of what needs to be done. Sometimes we have 50-100 pictures or more.

Remember, we have no intention of repairing this house. Even though we will not repair the property, the buyer will.

We find someone to go look at the house to take pictures and check out the condition by going on **craigslist.com** or by using websites like **WeGoLook.com** or **BPOPhotoFlow.com**.

An idea of the number of repairs is of great value to our investor/buyer. Even though we may not be getting a rehab estimate, we still want to get an idea of the number of repairs that need to be done. Although we do give our buyer a range of the amount or repairs such as \$10,000–\$15,000, we still encourage them to do their own due diligence.

We then contact local Realtors and property managers to find out the value of the property after it has been fixed up and to also find out what the rent comps will be. We also want to ask the Realtor whether this would be a better fix-and-flip or a rental property. We also ask them how much we could get as a down payment if we seller finance or lease option the property. Now we run comps online as well, but at this point you want to talk to some local Realtors and property managers to get a good feel for the market, neighborhood and property itself.

We do all this before we offer the house to our investors/buyers. Time is critical, and we can usually get this done within a day or so. Then we put the property on our website and announce it to our investors/buyers by sending out an email to our buyers list.

Our investors/buyers have all the information they need to make an informed decision without seeing the house. We include this information to reduce the risk to our buyers and make it easier to buy. Now in the real world, most buyers will still either go look at the property or send someone to go look at it, but at least we have given them some information to go on.

If you would like to see what one of our listings look like you can visit **[www.InvestorsRehab.com](http://www.InvestorsRehab.com)** and look at any of our properties. You can also sign up to get on our buyers list to get automatic e-mail notification of our properties as they become available. In the following chapter, I'll show you how you can find motivated buyers who will jump at offers like this.



## CHAPTER 5

# Use the Internet Build a Database of Motivated Buyers

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I have told you the kind of houses your investors/buyers are looking for, how to make offers on these houses, and how to make your deals irresistible. Now I'm going to explain how you can build a database of motivated buyers who will buy your houses even before you close on them.

In order to day trade the property, you need to have a buyer lined up to buy your house the same day you buy it from the seller. You will buy and sell in the same day. That's day trading. That's how we can make five to 10 \$5,000-plus paydays every month.



Trying to sell houses without having buyers lined up is, as my previous pastor Kenny Ashley says, “like having two ticks and no dog.” You don't want to have houses for sale and no buyers lined up.

## Why You Need a Database of Buyers Before You Ever Talk to Sellers or Realtors

In setting up your real estate day-trading business, the first thing you want to do is to create a database of motivated investors/buyers who

are very interested in buying the houses you are selling. This is important because in real estate day trading, time is critical. When you make offers and get contracts to buy houses, as I'll explain in more detail later, you will typically have 15 days to inspect the property, do all your due diligence, find a buyer and 30 days total to close. I strongly advise you to find buyers before you start buying houses. If you wait until you have a house under contract to start looking for a buyer, it will be more difficult to do in such a short time, although it can be done. It will take days to run ads, sort through all the replies, and get offers. It's too stressful.

The other factor is confidence. It's going to be difficult to make strong offers with conviction if you don't have buyers lined up and a source of funding for the deal. In my day-trading system, you must have both funding and buyers ready before you start talking to sellers and Realtors. Realtors are going to ask you if you have the funds to close. If you are not certain, they will notice. And if you tell a Realtor you've got to find a buyer first before closing, they'll drop you fast. From a confidence point of view, it's best to have funding lined up. But there are many ways to start without any cash or credit, as I will show you later.

To be successful in real estate day trading, you need to have a group of investors/buyers ready, willing, and able to buy your houses at a moment's notice. That's why you need a database of buyers before you start looking for houses to buy. Then, when you make a good deal with a seller or Realtor to buy a house, you know you have hundreds of motivated buyers who are eager to take it off your hands.

Once you have a database, you can contact them whenever you have a house for sale and know that they will be ready to buy quickly. The good news is motivated buyers are easy to find because there are so many of them, and they are hungry for deals. Wouldn't it be great to have a database of them?

## What Is a Database?

First, I want to explain what a database is and what it can do. In its simplest form, a database is a list. It could be a list of customers, prospects, former customers, friends, or relatives. A Christmas card list is a

database. Your personal information is stored in many databases. The property tax rolls for your county are in a database and so are voter's registration, social security, and motor vehicle registration records. Information contained in any database usually includes names, addresses, telephone numbers, fax numbers, mobile phone numbers, e-mail addresses and websites.

## **What Is a CRM?**

Now, even more than a database is a CRM. This is an acronym for Customer Relationship Manager. A CRM will hold your database. The CRM will keep track of your offers, properties, status, and more. You could even keep track of the history of your transactions with each individual. You should record all the important information about your buyers: name, address, title, company name, telephone number, mobile number, e-mail address, and website address. You will probably also want to list other information, such as the types and locations of houses that interest them and previous conversations you have had with them. Then when you contact them, you can refer to your previous conversations and interactions.

You can also use your CRM to keep track of your seller leads as well. You can do things like market right from your CRM, you can send email blasts and even click a button and launch a direct mail campaign through your CRM.

## **Types of CRMs You Can Use**

There are many types of CRM applications on the market. Some require customization and some are ready to go right out of the box, so to speak. I keep details about all my buyers at my fingertips so I can access the files on any of my properties and contacts, including important buyers, Realtors, and suppliers. I set up a call reminder system to notify me of important calls, meetings, and to-dos, so that nothing slips through the cracks. It is crucial to be able to immediately see tasks, meetings, and priorities in a single view and drill down for details.

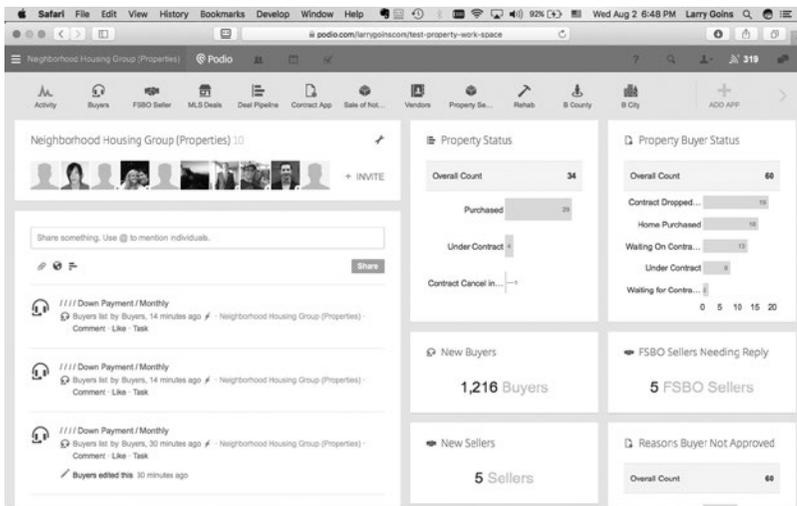
## Automate or Die

You do not want to try and keep up with your buyers list by simply having them in your email contact list. For example, if you use your regular email contact list and someone wants to unsubscribe from your e-mail list, you have to go in manually and unsubscribe that person and remove them from your contact list. However, if you use an online service, when someone clicks on the link in your e-mail to unsubscribe, it happens automatically. Another advantage of an online system is that you can access it from anywhere on any computer. I wanted to be able to preprogram my system to contact my buyers and build my company's image without me being involved. Auto-responders were the answer.

I use a CRM called Podio at **podio.com**, which has all the tools built in. Now with Podio, although it is free for the basic service, you will need to customize it.

I have mine set up so we can email right from Podio, we can text message someone right from Podio and we can even send out pre-filled contracts to make offers on houses or to send to buyers to sign digitally and send back to me to sell them a house. Isn't this great?

The key to increasing your productivity and your cash flow is automation.



Screenshot of **Podio.com**

I use technology, outsourcing, employees, virtual assistants, and joint ventures. And because of that, I day trade five to 10 or more houses every month without tying up my personal time. Now I am free to take on new challenges, spend more time with my family, and basically enjoy life to the fullest. To live the life of a real estate day trader, you have to do whatever you have to do to get the work done—without you doing it.

## **Use Auto-Responders to Stay in Constant Contact**

An auto-responder is software that automatically responds to e-mail that is sent to you or sent out when someone opts into your database. It can be set up as a single e-mail response or multiple responses delivered at various intervals. The neat thing is, once you set it up, it's all automatic. You can set up a response to an inquiry from your website or set up a response from someone who sends you an e-mail while you are out of town.

Have you ever signed up for a webinar or a free report on the Internet and received an automatic instant e-mail? These are examples of e-mails sent by auto-responders. An auto-responder helps you become a seller who never sleeps, and it is the cheapest personal assistant you will ever hire. Your auto-responder, combined with savvy marketing, is the speediest way to immediately boost business! It's an immense time saver that turns website visitors into buyers. It gives you a huge advantage. Not many real estate investors are following up with every Realtor, investor/buyer, and seller/owner every week. It can be the difference between having a real estate business that works hard for you and you constantly having to work hard for your real estate business. That's why auto-responders are so vital.

You can focus your auto-responder messages on the exact needs of your buyers, your Realtors, your owners/sellers, and your suppliers. You can send a preset series of e-mail messages and have them automatically delivered monthly, weekly, daily, or even more often. In fact, I have written 12 months of auto-responders to follow up with my contacts. They go out weekly for a couple months and then they go out a little

less frequently. You can do this too. Then you are free to spend your time doing more productive things like making offers, closing deals, and receiving \$5,000-plus wire transfers into your bank account.

## The Fortune Is in the Follow-Up

Use your CRM to e-mail, call, text or direct mail your buyers or other contacts at any time. If you have an exciting new house for sale at a very appealing and profitable price, you can send an e-mail blast out to your buyer list. If you're up against a deadline and you've got to sell fast, you can send out an e-mail and get two or three offers in less than an hour. If you need someone to go look at a house and take pictures in Bend, Oregon, in one day, you can blast your message out to your supplier list and line up eager suppliers who want to get the job done for you. There's no limit to the uses.

Using a CRM and a website, you can create an opt-in form to collect names and e-mail addresses from your website. In addition to auto-responders, CRMs have database management, e-mail broadcast, web forms to put on your website, tasks, calendars, and much more.

In addition to Podio, there are other CRMs that are set up and ready to go. They limit the amount to features and customization, but they can be a good way to get started. Some I have used in the past are **FreedomSoft.com**, **RealeFlow.com** and **REIBlackBook.com**. Any of these would be a good start. Just remember that once you change to another CRM, you then have to migrate all your data and learn a new system. Personally, I recommend using Podio even though it does require customization. It is much cheaper than the others and even free for basic Podio service.

## Branding with Name, Logo, and Business Cards

First, you should create a name, get a logo, and decide on a company color or colors. This way you can brand your name and company in all your marketing. Don't shortchange yourself; do it right. Image is

very important whenever you are marketing to the public. They don't know you. The only way they can know you is from what you show them. Use a name and logo that will impress on them that you are a professional. You can get a very nice logo designed on a site like **fiverr.com** or **UpWork.com**.



This is one of our logos.

Also, order some business cards. Business cards are one of the best and lowest-cost forms of marketing that I do. And you can't possibly do any networking without a business card. If you are in business, then you need a business card. I want you to be unique. I used to have one that was printed on both sides and had a picture of me on it. It doesn't matter who you are or what you look like, a picture on your business card will make people hang on to your card longer. I recently saw the back of a card where an investor had copied part of a \$20 bill; when it was lying face down it looked like a folded \$20 bill.

This would be pretty easy to do.

Be different when designing your business cards: Some people have magnetic business cards, some use fluorescent colors. I have heard that fluorescent yellow cards are working very well for people. The point is that you need to hand them out to everybody. They are especially useful in attracting and locating motivated sellers, which I'll cover in the next chapter.

I use million-dollar-bill business cards in my networking, marketing, and prospecting. You can get these at **www.MillionDollarSource.com** or **www.MillionBill.com**.

I consider myself a good marketer, and I am always looking for better ideas. A few years ago, I was driving to Macon, Georgia, to speak at the Investors Association when my car ran out of gas. There I was on the side of the interstate with a bright red H2 Hummer going nowhere fast. I tried to call a service station to bring some gas to me, but I didn't know where I was exactly.

There were no exits in sight and no mile markers around. I just stood there for a few minutes watching cars pass me by at 70 mph. I thought to

myself, “How can I use my marketing skills to get someone’s attention?” After sitting there for about 15 minutes trying to figure it out, it hit me. I got out of the vehicle, pulled out a \$100 bill, walked back to the side where the gas tank was, took off the gas cap, and stood there waving my \$100 bill and pointing at the gas cap. Within two minutes, someone stopped, took me to the next exit to get a gas can full of gas, brought me back, and even helped me get the car started. I made it on time to speak that night.

The moral of the story is you should always be thinking about how to get the attention of your prospects. I had to market to the drivers on the interstate. I was successful because I gave them something that they wanted. In this case, I showed them the *money*. That motivated them big time. By the way, I actually gave the guy who stopped the \$100 for helping me out!

## Ways to Build Your Buyers Database

There are three main ways to build a database of motivated buyers: marketing, networking, and prospecting. You can do all three methods online or offline.

### Marketing

Marketing is anything that makes the phone ring or makes someone contact you. This includes running ads both online and off, displaying or distributing flyers and signs, mailing postcards, and more. These are your best kinds of leads. Prospects are coming to you, rather than you going to them. This puts you in a position of power, and it is much easier than cold-calling somebody. In other words, when the phone rings, and you answer the phone, “Hi, how can I help you?” this means that *you* are helping *them*. They are trying to sell you; you are not trying to sell them.

However, if you are calling about their sign, their house that’s for sale, or calling them because they had a foreclosure notice that you found out about, then you are trying to sell them on selling you their house. They are in the position of power.

## **Newspaper Classified Ads**

If you want to get every investor in town to contact you, just run an ad in the “Investment Properties For Sale” section of your newspaper. A while back, we ran an ad for a three-bedroom, two-bath house in Memphis, Tennessee, that had extensive fire damage. Because most buyers were afraid of it, we were able to pick it up for just \$27,000. The repairs were estimated to be \$20,000, and we listed it for \$32,000, with an after-repair value of \$88,000. This was a great deal where a buyer could easily make \$34,000 after the repairs.

We placed an ad in the Investment Properties section that said: “Handyman Special, Cheap, Cash.” We got lots of phone calls. You can do the same thing.

But what if you are just starting out and don’t have a house to sell? What can you do to get buyers lined up ahead of time?

Even if you don’t have a house for sale you can still run the “Handyman Special, Cheap, Cash” ad. Have an answering service or call capture service handle all the calls. Give the operators a script to prescreen your callers, get their contact information, and tell them you will phone or e-mail them the next time you have a great deal.

## **Free Online Classified Ads**

The Internet is loaded with free online classified sites where you can post your real estate classified ad for free. We now use the Internet for all our classified ads for building our buyers database. I suggest that you use your website to have them simply opt in, or if you do not have a website yet, then use your e-mail address instead of your phone number so that you can simply add them to your e-mail contact list and never have to talk to them. However, if you want to prescreen prospects, list only your phone number and have your answering service or call capture service screen them, put the information in a database, and e-mail it to you. Then you can pick the best buyers to contact immediately. You could even set it up so the leads automatically go into your CRM. This is what we do.

The most well-known classified service is **Craigslist.com**. You can run your “Handyman Special, Cheap, Cash” ad under the “Real Estate For Sale” section. People who read your ad will be able to click through to another page where you can give all the details.

Craigslist is not the only free classified ad site, although they are the largest with the most online traffic. It would take hours of your time to post to all the free classified sites out there. To use your time more effectively, you can outsource this work to a professional online posting company that will post your house listings to all sites for you and direct the leads back to you for building your list and selling your houses. You can also use an ad syndication site such as **vflyer.com** to post your ads on the most popular sites.

Do this, and you will build a powerful and valuable investor database in no time. I know investors who have built their database to literally thousands of investors using this one idea.

## Real Estate Advertising on eBay

Run a classified ad on eBay to find motivated investors to add to your database. Just go to **ebay.com** and click on real estate in the categories to post a property or just run an ad. You can get lots of national exposure for your “Handyman Special, Cheap, Cash” ad.

## Marketing Website

Build your database of buyers using your own website. This is a great way to build an amazing database of investors effortlessly. First you need to register your domain name. Then you build or buy a website. Then you write a valuable, informative report to give away free for people who opt in to your website. After that, you build traffic to your site so that investors come to your site and sign in to your database to receive your free report. You can build traffic by running free online classified ads, banner ads on high-traffic real estate sites, and pay-per-click ads on Google AdWords and Yahoo or Bing Search Marketing.

If you don’t already have a registered domain name, register “your name” dot-com like **YourCompanyName.com**. You can go to a website like **www.godaddy.com** to register the name. It doesn’t cost much

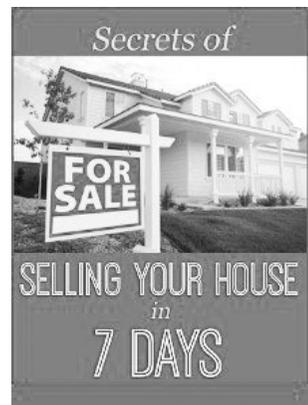
money at all (approximately \$8, \$9, or \$10 per year). Once you have a domain name, then you need a website. You do not have to be technologically advanced to build and edit your website.

There are many online services where you can get some cheap websites. And some are even free. They will not have all the features you need to effectively run your business, but they may be a place to start until you close a deal and make some money. Now you need to create a free report that investors want. I have written free reports to find investors/buyers:

- “The 12 Deadly Mistakes Investors Make and How to Avoid Them”
- “Secrets of Selling Your House in 7 Days”
- “Lenders: How to Earn 7%–10% Secured by Real Estate”
- “How to Buy a Home with No Money Down”

Free reports are a great tool to entice your visitors to hand over their contact information. You are offering valuable information they want. When they request the free report, they are automatically added to your database.

Once you have a report, convert it into a PDF document, and upload it to your website to be automatically delivered to everyone who signs in to your site and requests the report. Their contact information will be automatically added in your database. They’ll receive your follow up auto-responder e-mail messages and announcements of houses you have for sale.



These are two of the reports we offer for free on our websites.

Follow-up is very important. Once you capture a lead, you *have* to follow up with them. By using the built-in auto-responders, this will happen automatically. Contacts will receive preloaded messages as frequently as you want. Then when you have a great house to offer, send them a special announcement describing the deal. They will respond in record numbers.

You can go the next step as I have done and completely automate the whole process by listing the properties for sale on your website complete with pictures, descriptions, and all the related documents they need to decide. You can post as many photos and documents as needed to sell your property. You can create a detailed listing of your properties that answers all your buyer's questions so they can submit a contract on the



**BONUS!**

**You can have your own website in minutes** just like mine if you want.

My company offers a website based on my day-trading system that already has the free reports and opt-in forms and many more features.

You can get all the details by calling my office at 803-831-2858 for a demo or go to **[www.RealEstateDayTrading.com/Bonuses](http://www.RealEstateDayTrading.com/Bonuses)**.

With our website, when they are ready to make you an offer, direct them to a web page with complete instructions on making an offer. This tells your visitors exactly how they can buy your property right there from the comfort of their own home. It includes everything the potential buyer needs to know about your property in order to make an informed decision and includes a downloadable contract for them to send to you. They can even wire or PayPal you the deposit. You do not want to take a credit card for a deposit on a house as it would be subject to a credit card dispute. You can literally make the entire deal over the Internet using your website. This is the future of real estate using technology.

property without contacting you. Just think of the time it's going to *save you!*

You can also use the auto-responders to build a strong support team. Auto-responders are a key component to building your dream team of Realtors, sellers, buyers, vendors, and lenders.

This is a powerful tool for building your database of potential buyers who want to receive instant e-mail alerts when you list a new property on your site. When these subscribers get your new listing alert, they will be competing for your property at the same time! You will often have many buyers for the same property at the same time. Then all you have to do is pick one and tell the others you've put them on the backup list in case the first buyer falls through or decides to drop out. What a great position to be in.

Remember, you don't need a website marketing system to day trade houses. You can easily do this business without a website. But if you want to go to the next level and be able to day trade houses in two hours or less automatically, then you will need to have a good website. Start getting into the game by making offers, getting contracts, closing deals, and getting big checks. Once you see how the business works, then take the next step and power up your marketing with a good marketing website.

## Networking

Networking involves personal contact with people you meet through membership groups and social interactions.

**Investors Clubs:** The most productive form of networking, one that costs the least amount of money but produces the best results, is joining your local real estate investing club or association, if your city has one. When you start out in real estate day trading, the fastest way to become successful is to become a big fish in a small pond. The fastest way to do this is to join and participate in your local real estate club. Start out as a volunteer. Do whatever you can to help. Become an officer of the club, attend all the meetings, and get known around town. People will begin to recognize you and trust you. And you'll learn a lot about who does what and who to go to and build your own dream team.

You'll learn who the investors are and what kinds of houses they are buying. When you go to these events, be sure to hand out your business card and collect the business cards of others.

Just about every city has a REIA group, a Real Estate Investors Association or a Landlord Association. Join them all. I cannot tell you how valuable this resource is. If you don't have a club in your area, I would suggest going to the next nearest town that does to learn what they are all about. Or, if you don't have one in your town, then start one. You can find a local group or get information on starting one by contacting [www.nationalreia.com](http://www.nationalreia.com).

Your local club is a great source of networking for buyers, sellers, rehabbers, appraisers, attorneys, Realtors, hard-money lenders, private investors, property managers, insurance agents, and mortgage brokers.

Anyone working in real estate with investors needs to be involved in their local real estate group. It is well worth your time to network and learn from other people. You learn who the players are, who is buying property and who is not, who the talkers are, who the doers are, who to do business with and most of all who to stay away from. Once you get involved in the leadership of the group, all the new investors will be contacting you about helping them with their deals.

This is how I became a trainer and eventually created this day-trading system. I was asked by the founder of my local association, Allon Thompson of Metrolina REIA, to get involved in the group. I joined, became a volunteer, and was eventually elected president for two years. I became what I call a "big fish in a small pond." I was known as a player in the business who was doing deals. I was one of the local go-to guys to bring deals to, and it all started because I volunteered at my local association. Thanks, Allon!

**Marketing Groups:** There are websites that offer various groups that you can join based on a topic you are interested in. These groups allow you to network and communicate with people, either local or across the country or world, that have an interest in the same subject.

Some are large, and some are small; some are moderated, and some are unmoderated. The most popular websites that have groups that you can join are:

- **linkedin.com**
- **facebook.com**
- **yahoo.com**
- **ebay.com**
- **meetup.com**

It is easy to join these groups. Simply go to the website and look for the section on groups. Then search for groups using keywords such as:

- real estate investing
- real estate investor
- property investing
- land lording
- seller financing
- short sale
- real estate wholesalers
- wholesaling real estate
- single-family investing
- Carolina real estate

You get the idea. Once you find a group you want to join, simply sign up. Subscribe to as many groups as you can; it's all free. You can be in touch with investors/buyers in every part of the country with the click of a mouse.

You can send a post to the entire group describing houses you have for sale, giving details, and asking for interested investors to contact you by email or by going to your website. You can sell your properties to them without ever meeting them. Even if they don't buy immediately, they might buy in the future. Be sure to give them a reason to opt into your CRM. Then your auto-responder messages will keep in touch with them for you.

This is a great way to find, network with, and do business with other investors and/or vendors.

**Social Networking Sites:** There are three main types of social networking websites: personal, professional, and real estate-focused. Personal networking sites such as Facebook enable people to socialize, find friends, potential business contacts, talk real estate and network.

Facebook has literally millions of members, and it is free. It is a networking site for people of all ages and backgrounds. Almost everyone nowadays has a Facebook profile. This is the personal account that you create to find and stay in touch with friends and family. Now this is not necessarily what you will be using for your real estate day-trading business, although you could.

Every major investor, trainer, Realtor, and even celebrities, musicians and politicians have Facebook page. Once you have a Facebook profile, you can create your own page on Facebook. A Facebook page is to be used for your business.

Once you have a Facebook page set up you can invite your current Facebook friends that you know have an interest in real estate to like your Facebook page and follow you there to communicate about real estate.

You can even list certain keywords like (real estate investing, foreclosures, etc.) and then search for other members who have those keywords in their pages. This is a great way to build your buyers list, promote your properties, and network with other like-minded people and it is all *free!*

**Business Networking:** There are also professional sites that take a business-only approach and don't allow people to connect directly with others if they don't already know them. The most common professional/business site is LinkedIn.

When you become a member of LinkedIn, you can create a profile of yourself. You can use that profile to describe yourself, your occupation, industry, and professional background. You can use this professional profile to describe yourself as a real estate investor who wants to link up with other real estate investors. Once you're a member, you can perform keyword searches to return matches based on your interest in real estate investing. Then you can invite all the other real estate investors in the entire network to link to you and become a part of your inner circle. Once someone agrees to be part of your network, they are permitted

to communicate freely with the members of your group by exchanging leads, ideas, and advice, and doing business with each other. You can send bulletins out to your circle of real estate investors describing a house you have for sale.

It's your own private real estate insiders group.

You can also search for people within the LinkedIn community by name. However, in order to contact a particular person, you would have to first invite that person to link with you. It's a great way to build a solid network of buyers, lenders, joint venture partners, and support professionals who can work for you and send you leads about investors and sellers.

The more connections a person has, the bigger his or her network becomes. But the possibilities are endless, because you have the potential to reach many more people besides the ones you are connected with. That's because the people you are connected to have networks of their own that spread out into a gigantic web of interlinked connections. The average member's network contains an estimated 60,000 professionals. Most LinkedIn members join the network as a result of receiving an invitation from someone else who has already joined. However, if you want to join without invitation, you can go to the website, create a profile, and use a feature that compares the e-mails in your e-mail address book to e-mail addresses in the network. It finds people you already know who are LinkedIn members for you to connect to.

The last type is real estate-focused networking sites. There are numerous sites that can connect people who are involved in real estate, enabling them to meet online to talk shop, get advice, and buy and sell properties. Join as many of these as you can, and start using them to build your database of investors. Here are the names of a few of them: **BiggerPockets.com**, **ConnectedInvestor.com** and **ActiveRain.com**.

**Real Estate Auctions:** You will also want to attend auctions to be able to build your buyers list. Many people at real estate auctions are active investors. Take your business card and be prepared to hand it out to everyone there. And get other investors' cards and tell them that you also have properties available to investors. You can find many of

these auction sites online. Just search “real estate auctions” with your city name, or visit **www.auctioneers.org**.

## Prospecting

Prospecting is anything that requires you to research the names of prospective investors and make the first phone call or e-mail contact. When contacting investors, the purpose of your call is to sell them a house or add them to your database of possible buyers.

Explain that you are an investor who specializes in single-family houses that need repair in low- to middle-income areas. Tell them that you can supply them with houses at a price that will give them a 30 percent discount from the appraised after-repair value, after the repairs and closing costs are paid. Tell them that you have great deals that they can make lots of money on. Ask if you can put them in your database to send them notifications of houses you have for sale.

At first, you can make all the calls to investors yourself. Later, just develop a script and hire someone to call them for you. Later in this book, I'll show you how you can automate this whole process. Who should you call? Here are some suggestions.

**“I Buy Houses” Signs:** Drive around your town and look for “I Buy Houses” signs. Write down the numbers and call them later.

**Online Classifieds, Newspaper Ads, and Realtor Sites:** Scan many online sources for investors selling houses. You don't have to touch a newspaper to scan the classifieds. You can do it all online. There are several online services that help you scan the classifieds. My favorite is **newsdirectory.com**. From this site, you can find just about any newspaper that is available online. You can search the classifieds in many newspapers using keywords, by size, location, or price range of the houses you want.

Use a wide search of houses in your area. Then scan for the ones being offered for sale by investors.

Sometimes it's hard to tell if an ad is from a Realtor or an investor. Look for ads selling houses on a lease-option or rent-to-own basis. These are usually investors. Also look for ads that offer down payment and

closing cost assistance. Often newly remodeled homes are for sale by investors.

These investors will soon be looking for other low-priced houses in need of repair to fix up and sell, rent, lease option or seller finance. And you can supply them. Look for single-family homes for sale. Another category to look at is houses for rent. Owners who are renting houses are usually investors and are good prospects to buy more houses to fix up and rent out.

Check out eBay real estate classifieds to find investors selling houses on eBay. They need to buy houses in order to sell them on eBay. You can put them in your database and let them know when you have a profitable deal for them. Go to eBay and click the links to real estate, then click residential.

After that, search by state. All the listings in your state will display. Most of these are posted by investors. You can look at all the properties they have for sale to see the feedback from others who have done business with them. You can even sign in and contact the seller.

Also scan Craigslist and the other free real estate classified websites and Realtor sites like **Realtor.com** and **Zillow.com**.

**Search Google:** Go to Google and search the words “sell my house” and add your city to the search first (e.g., “Charlotte Sell My House”). Look at the different ads for the local Realtors and also for the investors selling property. These investors are good prospects to buy a house from you. Call or e-mail them about adding them to your database for announcements about investor houses you have for sale. You can also search other keywords and include your city name: Charlotte foreclosure, Charlotte buy my house, Charlotte sell house fast, and so on. Contact all the investors that turn up in these searches. They are your potential buyers.

## Tabbed Browsing to Speed Up Your Searching

Tabbed browsing basically means that you do not have to open a whole separate window for every website that you go to. You can open a group of tabs so they all load at the same time. It may sound simple, but

this saves a tremendous amount of time. Let's say you want to look at all the newspapers in your area every day to find investors to add to your database and buy your houses.

Instead of having to do a new search every day, you can use tabbed browsing to create an online group of tabbed pages to add to your bookmarks. From then on, all you have to do is go to your bookmarks and open the folder that contains the tabbed websites. Then look at each tab to find what you are looking for. You can do this when searching for investors/buyers to sell houses to and when searching for sellers and Realtors to buy houses from. You can also set up tabs that have websites of contractors, appraisers, and other support members to add to your dream team.

You can do this for the types of websites that you refer to frequently, such as Realtors, auctions, bank-owned properties, free online classifieds, rehab contractors, home inspectors, appraisers, property insurance, property managers, accountants, real estate attorneys, houses for sale, houses for rent, newspapers, outsource labor, people finder, REIA clubs, unsecured lines of credit, title companies, and more.

Next, you need to create a set of bookmarks that are customized to the local market that you will be day trading in. It may or may not be where you live. Set up your bookmark categories, newspapers, Realtors, free online classifieds, and so on. As you search the Internet and locate valuable sites in each of your categories, bookmark them and add them to the tabs in one of your categories before you leave the sites. If they don't fit, set up a new category and put them there. I have created a complete set of bookmarks that I use on a regular basis. I also update them from time to time because websites change and new ones come online that are better.

## **Answering Services and Call Capture Services to Handle Your Incoming Phone Calls**

With all our marketing efforts, whether we're advertising for buyers or sellers, we use a toll-free number that is directed to an answering service. Marketing, as I mentioned before, is basically anything that makes

the phones ring. Once you start marketing, your phone will be ringing off the hook. While it might be educational for you to handle a few calls in the beginning, you will not want to do it for long. And from a time management point of view, I don't recommend it. You're simply wasting your time if you answer every single phone call that comes in as a result of your marketing campaigns. It will wear you down and distract you from the main thing you should be doing—making offers and closing deals. That's how you make money in this business, not wasting your time talking to people who may or may not be good prospects.

You must spend your time talking to prospects and don't waste a moment on suspects. You can use an answering service or call capture service to sort out the prospects from the suspects. That way, you will know whether you should call them back or not. If you can't reach them, you can put them in your database for follow-up auto-responder e-mail messages and call back later. Then you can spend your time talking to sellers and Realtors who have profitable deals that you can make money on.

I used to have all the buyers and sellers call me on my mobile phone. I'm very busy. Most of the people who called could never reach me on the first call and had to leave me a message. I would call them back, leave them a message, and they would call me back and leave me message. Finally, we would talk. Then, a couple minutes into the conversation, I would discover that the house was not worth my time. One time after playing phone tag, a guy finally told me that his house was valued at \$150,000, he owed \$145,000, he was current on his payments, and he was in no hurry to sell. All those back-and-forth phone calls were a huge waste of time.

This is another good reason for having a good website with a property submission form. You can then ask enough questions on the form to see if the lead is a good lead or not.

You want to talk to buyers and sellers when you are ready to talk to them. You want to be focused on their deal and be prepared to talk about it. You want to talk to only those people who have a deal that's worth talking about because it could make you money. You want to sort out the suspects from the prospects. This is especially important if you still have a full- or part-time job.

With the answering service, the caller always speaks to a live person instead of leaving voice mail. With call capture, the caller's phone number is always captured whether they leave a message or not. With call capture, you record messages in your own voice, and you can set up multiple mailboxes that give the caller options when they call.

## Answering Service

The main benefit of an answering service is that the caller gets to talk to a live person. You get fewer hang ups than you do when using a call capture service. The main drawback of some answering services is that they put people on hold. You should monitor your answering service to make sure they are not putting people on hold. If they put people on hold, they are losing a lot of business for you. Find an answering service that will service your callers immediately and treat them politely. A bad service could alienate a lot of your potential customers, both buyers and sellers.

Because you are buying and selling, you can give the answering service multiple scripts for each type of call. You need to have the service e-mail the calls to you as they come in or you could have them put the leads right into your CRM for you. They could then create a task for you to call the lead and you will get that notification immediately. This is very important. Remember that until they get you on the phone, they will continue looking for someone to help them. If the caller is a prospect, not just a suspect, then you need to call them back right away. Build rapport and get the caller to like and trust you first, and then you can talk about how you can help them. I like to ask the caller, "How can I help you?" This puts you in a position of them trying to sell you instead of the other way around.

The answering service script asks key questions that will give you the information you are looking for first. For buyers, you want your answering service to discover if they want to buy houses in need of repair, if they have all cash, and if they are willing to close fast. You also want the service to collect all contact information: names, addresses, telephone numbers and e-mail addresses. The information will help sort out the ones you want to call back immediately. Then when you spend time

returning calls, building rapport, and getting them to like and trust you, your time and effort will be well spent. You don't need to immediately call back the suspects who tell you they are interested buying a house in 60 or 90 days. You can set them up for a call back later. You can put them all into your database to automatically receive your follow-up messages.

## **Call Capture Service**

Call capture is basically a very sophisticated voice mail system that captures the caller's phone number when they call. It works even for non-published and caller-ID blocked numbers. The other great thing is that you can set up multiple mailboxes to handle calls from both sellers and buyers. For example, your message could say, "If you are calling about a house you have for sale, please press 1. If you are calling about a home you saw for sale, please press 2." Notice that I use the word house when I'm buying and home when I'm selling. The reason for this is that subliminally a home has more value than a house. Have you ever heard someone say, "There's no place like house"? I don't think so.

Your call capture scripts will be organized in a similar way to your answering service script. The difference is that you will need to organize your questions as a series of options. You're probably familiar with the way this works. You create a greeting that tells them who you are. You say you sell houses in need of repair to investors at rock-bottom prices. You buy and sell 10 to 15 houses a month and have lots of good deals. You have a great deal now where investors can have 30 percent equity in the house after repairs. At the end of the greeting, you could also give callers an option. For example, "If you are looking for a house in the next 30 days, for all cash, and can close fast, press 1. All others, press 2."

If they press 1, you could tell them about the house, its size, the estimated cost of repairs, the after-repair value, your asking price, and the address. Ask them to press 1 again and leave their name, address, telephone number, and e-mail address, so that you can put them in your database to receive notifications and announcements from your company. Also tell them that someone will call them back.

After they leave their contact information, record an automatic message that thanks them for the call. You can call the voice mail box to get your messages. If you get a lot of messages, you can hire someone to call the voice mail box, retrieve the messages for you, transcribe them, and send them to you by e-mail. Most call capture systems will automatically transcribe the message. These are just a few examples of what you could do with a call capture service.

Some people will hang up before leaving a message. But the system will capture their telephone number for you to call back. You can call them back, after you get comfortable with it and start closing deals, or you can hire a virtual assistant to call these callers back and talk to them personally, getting the required information, and finding out if they are prospects or not.

Some people will not give you all the information. But if they press option number 1, you'll know that they have cash and are willing to close on fast. What else do you need to know? Anyone who presses 1 is a great prospect. You will already have their telephone number from the call capture service. Call them back.

There are hundreds of call capture services. We have had success using **[www.FreedomVoice.com](http://www.FreedomVoice.com)**.

## Vanity Numbers

If you can, you need to get a vanity number. A vanity number is like 855-GABY-BUYS or 855-LARRY-BUYS. (These are real numbers.)

There are two ways to go about it. You can get a new number that matches the words you want to use. You can also check to see if your current number has any possible words to use and check the numbers for certain words at **[www.PhoneSpell.org](http://www.PhoneSpell.org)**.

Next, I'll tell you how to uncover motivated sellers who will sell you their houses at below-market prices. Remember that when we first find a property, it is not a deal, and we have to negotiate it to make it a deal. Deals are made, not found.

# Find Motivated Sellers: Cherry-Pick the Hottest Bargains at Below-Wholesale Prices

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Once you have your database of hungry motivated buyers in place, then you have to find houses to supply them.

You know exactly the kind of houses, the price range, and the locations of these houses. Now you want to set in motion a steady flow of motivated sellers to supply you with houses at below-wholesale prices.



At first glance, these are not readily apparent. Most of the ads you see are for houses that are being sold at full price. You are wasting your time if you try to get every seller to lower his or her price to the level you need to make money. If you spend your time going after all of them, you're in for a lot of disappointment.

You are mainly looking for distressed sellers. You must only deal with motivated sellers and not waste your time dealing with unmotivated sellers. What's the difference? Motivated sellers have to sell. Unmotivated sellers want to sell.

Most sellers are unmotivated. They've put a lot of time and money into maintaining and fixing up their houses. When they sell, they want to get top dollar and not a penny less. They are tough to negotiate with because they have the time and money to hold out for the best price.

I don't blame them. I would do the same thing. But I don't want to waste my time trying to negotiate with them. Neither should you. You can't turn an unmotivated seller into a motivated one.

Motivated sellers are the homeowners who are in dire straits. In most cases, some unexpected event in life has led them into financial difficulty: Medical problems, loss of job, business reversal, or a death in the family can result in a situation where they need to sell. Sometimes there's a problem with the house: Flooding, termites, foundation problems, roof problems, fire, or hurricane damage can catch a homeowner without adequate funds to handle it. Sometimes a life transition, job transfer, downsizing to a smaller place, or divorce can force a homeowner to sell. It can happen to anyone.

My advice is to treat everyone with respect and compassion no matter what their situation.

Frustrated landlords and investors are also a good source of motivated sellers. Lots of investors have houses they don't have the money to fix up and sell. They made a bad deal, they lost their financing, they took on more problems than they could handle. It happens every day. You can help them by buying their problem house from them, at a steep discount. They are fed up and extremely motivated.

The same goes for landlords. Many are tired of dealing with tenants, sick of the squabbles, fed up with tenants' complaints and petty grievances, and weary of having to chase down delinquent rent payments. In this category, you're likely to find sellers who are excited by your offer and willing to give it their serious consideration.

You can find motivated sellers wherever you find vacant houses, houses in need of repair, foreclosures, estate sales, probate, code violations, pre-foreclosures, divorces, out-of-town owners, heirs, houses with delinquent taxes, condemned houses, bank-owned houses, homeowners who moved to a new home and need to sell their previous homes, and more.

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Motivated  
sellers  
include  
homeowners  
in dire  
straits and  
frustrated  
landlords.

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Some of these properties will be listed, and you can buy them through a Realtor. Some of them will be For Sale By Owners (FSBOs). Some will be homeowners who have given up or who don't think anyone would buy their house, so they are not actively engaged in the selling process. Building a database of motivated sellers is like developing your buyers list. Finding sellers mainly involves marketing so that they come to you, networking with personal contacts, and prospecting where you approach them. Again, you can do all three methods online and offline.

Try these methods in your local area and see what works best for you. In some areas, you may work with Realtors to get a lot of properties, and in other areas, you may focus on tracking down the owners of vacant houses. It will just depend on your specific area and the market. This is something only you will be able to determine after doing some research by asking the investors you meet how they get their properties, asking all the Realtors you talk to about the market and if they work with many investors, and so on.

## Go Deep Or Go Wide

I have talked to a lot of people who tell that they just can't get enough deals in their market to make a lot of money or at least make a living. Although there are many ways to get deals as we will soon see, sometimes there aren't enough deals from any one specific source. If you are not getting enough deals, there are two ways to expand: Go deep or go wide. What I mean by this is, if you aren't getting enough deals, you can either stay in the same market and use different sources to find deals (going deep) or, if you have one or two sources that are working you can simply expand your geographic territory using the same sources (going wide).

Either way will work, and personally I prefer to go wide. For example, I love buying HUD houses. Well, there are only so many HUD houses in my area, so I have expanded into buying HUD houses all over the Carolinas as well as a couple more states. This way I can concentrate on HUD instead of using many different sources to find local deals.

## Marketing

I would rather have 10 ways to get one lead than one way to get 10 leads. That is very important. If you are only relying on one source, you are not going to get very many calls and will have to go wide as just mentioned. Next you will find many different methods and ways to locate deals and generate leads. Some you have heard before, but I am sure there are some here that you have not. You will not use all of these ideas, but you do need to keep 5 to 10 different ways going at a time in order to keep enough leads coming in if you do not want to go wide.

You don't have to spend a lot of money to market your day-trading business. I don't. I recently interviewed a person who was interested in coming to work with us. On interviews, I let at least one of the other team members sit in to see if they think the person will fit in. During this interview the applicant asked, "What is your marketing budget?" We just looked at each other and laughed and said "It's zero! We don't have a marketing budget." You really can get started without any out-of-pocket expense for marketing.

## Co-Op Direct Mail Advertising

This is the best way to start marketing if you have *zero* marketing budget. Using co-op advertising, you can start any type of marketing campaign with absolutely no cash or credit. Yes, you can get all your marketing for free. Although it will take a little effort on your part, once you set this up, you will be able to run your campaigns 100 percent cost free.

*Here is how it works:* Contact any business that would like to market in certain neighborhoods or to homeowners specifically and have them place an ad on your marketing piece. You can do this with postcards, flyers, direct mail letters, door hangers, and more. There are many types of businesses that you could co-op with, including mortgage companies, Realtors, home improvement companies, restaurants that deliver, landscapers, credit repair companies, appraisers, furniture businesses, furniture rental centers, car dealers, and so on.

Just think of any business in your area that you have seen advertise in the paper or anywhere else and contact the owner about your co-op

advertising opportunity. If they will run one ad, they will run another one with you. Now if you are not very good at designing an ad, postcard, flyer, and so on, here is a source you can use on a need-to basis. Go to **www.upwork.com** and post your project, then professionals will bid on your project. You will probably pay between \$10 to \$20 dollars to have a flyer or postcard designed. You could even get your co-op advertiser to pay for that, too. I realize that doing a co-op may take a little effort, but it is absolutely a great way for you to start marketing with no cash or credit. Even after you get some cash, you already have your co-op relationships established, so it is just as easy to continue doing it as it would be to go it alone.

## Bandit Signs

Bandit signs are one of the least expensive and most effective form of marketing. These are the little 18-by-24- or 12-by-18-inch signs that you see on the side of the road or on telephone poles and trees. My sign is very simple—yellow with black letters. The colors yellow and black signify budget or economy. My signs stand out and get a lot of attention from people driving by or waiting at stoplights. Make yours simple so that people can read them easily.

Think of them as small billboards. You've got to make your message bold and clear. You shouldn't have a lot of information on the sign. We used to have a sign that said, "I buy houses, any condition, any situation, any price, 1-800-XXX-XXXX." That is too much information. A person in a car at an intersection, going down the road, or looking at the front of one of your houses cannot read all of that. **Keep it simple.**

Ours simply says, "**LarryBuysHouses.com**, 855-Larry-Buys." In many areas, bandit signs are illegal. You should really put them on wire holders, like the political signs that pop up every year around election time. But many people illegally put them on telephone poles, which could net you a call from the local code enforcement officer. If and when you get a call from a code enforcement officer advising you about your signs, here's a way to turn it into a buying opportunity.

First, agree with them and let them know you will take the signs down as soon as possible; however, while on the phone with them, tell

them that, as they can see, you buy houses. Then ask them if they ever have any properties under code enforcement that they either can't find the owner of or they can't get the owner to repair. Offer to help them by giving you the information. Remember, this is public information, so they are not doing anything wrong by telling you about a property under code enforcement. I have built strong relationships that all started with code enforcement officers calling to tell me to take my signs down. Now that's how you turn lemons into lemonade!

I'm not suggesting that you do anything illegal, so check your local laws before putting up any signs. There are many places where you can put out signs. In fact, not only can you put them out on stands near the road, on the highway, or in front of property that you have, but I have a couple of businesses that I have given my signs to and they put them in their windows and then I either pay them rent, a commission on a property I buy, or I pay them per lead. There is an endless number of the types of businesses you can do this with. Just keep some signs in your car and stop by one or two businesses each day to ask the owner if you can put your sign in his or her window. As an example, I displayed one of my signs in a local auto repair shop, the owner has sent me several leads, and one of them closed. I purchased the property for \$80,000 and sold it for \$100,000. The person I sold it to put \$7,000 in it and sold it retail for \$139,000. Now that's a win-win transaction.

In North Carolina, where I do some of my business, you cannot pay a person a referral fee for an actual transaction, but you can pay them for that lead. So just be careful and know your state laws, whether you pay them a referral fee or a lead fee. A lead fee would be okay; that is just like buying leads. If you are in a state where they do not allow paying referral fees, the Real Estate Commission considers that like operating as a Realtor without a license, then you have to pay per lead. But don't ever try to do something that is going to get you in trouble. It will just shut you down and give you a bad reputation. Check with the leaders of your local real estate investors association or contact the state real estate commission to find out your state's laws.

My area has lots of new home communities, and sign placement companies put out all the open house signs and new home community signs for the builders on Friday and then come and pick them up every

Monday morning. If you have sign placement companies in your area, you could hire them to put your “I Buy Houses” signs out right along with the new home signs. Think about it. Many people who want to buy a new home already have another one they need to sell first, so you are probably the first one they will call because your sign caught them at the exact time they were looking to buy a new home. When you see all the new home signs out together, call one of the numbers listed and ask who puts them out.

Then you can contact that company or individual to put your signs out, too. How about putting your signs near retirement homes and communities? Many people going to the community or retirement homes will see your signs, and some of them may have property they need to sell.

## Hire Others to Do the Grunt Work

When putting out signs in different areas, I do not put them out myself. I hire somebody to do it—a college student, your teenager, a neighbor’s teenager, and so on. You could even contact your church or other churches locally to ask if they know of someone who needs some work or to see if you could get the church’s youth group to put them out in exchange for you donating to the youth group. Be sure to check out liability issues first because you do not want to be responsible if someone gets hurt.

I pay \$1 per sign, and use an app called **SimpleCrew.com**. It tracks who put out the sign and geo-tags it so you know exactly where they placed the sign. I now hire people to put them out from **craigslist.com**. When I started running the ads I got so many calls I had to create a website to have them go to instead of talking to them. They simply go to **SignJockeys.com** and can watch a video explaining how it works. They can even apply, sign an independent contractor’s agreement, fill out a w9 and even request payment and more signs. When we hire people out of the area, we ship the signs directly to them to put out. We start them with 25 signs and tell them that once those signs are out we will pay them and send them 100 signs now that we know they will actually put them out.

Here’s a way to get *free* sign stands for an entire year. Every year right after the local elections, call your local campaign headquarters and offer

to help take their signs up for free if you can keep the stands. This is a great source.

We used to put out about 100 to 300 signs every month. However, with all the other automated online marketing we do now, we do not put out many signs anymore.

## **Business Cards**

You can distribute large quantities of your business cards. It's a very economical marketing tool that can bring you lots of phone calls and leads. Give them out to waitresses, at gas stations, at the store, wherever you are or go. Make sure your business card says something very simple. It's as simple as saying, "I Buy Houses," and giving them your phone number to call.

Once you get a lot of them out there, you'll get lots of calls. If you have a card like the million-dollar-bill business card that I use, you can put them anywhere, and I promise you, they will be gone the next day. We have a restaurant in Lake Wylie where I live, and every time I go in, I put down a handful of my million-dollar-bill business cards. I have gone back the very next day, and every one of them is gone.

My million-dollar-bill business card has been a good door opener for me. One of my rental properties was located on a dead-end street with no traffic. I went up to the house on the corner, knocked on the door, and told the lady I had a house down the street that I was looking to rent. I explained that I had no place to put a sign and asked her if she would help.

I told her that if she would allow me to put one of my "for rent" or "rent to own" signs in her yard with an arrow pointing down the street, I would give her a million dollars. So, I handed her my million-dollar-bill business card. Her eyes lit up, and a big smile came across her face as she looked at it. We both had a good laugh. I put the sign in her yard as she watched, smiling. That's how to use your business card as a door opener.

## **Magnetic Business Cards**

If you have magnetic business cards, you can put them on vending machines, gas pumps, anything metal where lots of people pass by each day. This is a great way to get your name out to the public. What if every

time you go to Home Depot you put some magnetic business cards on the vending machines? You can put them into envelopes when you are doing a mailing, and the recipients can keep them and put them on their refrigerators. You can also give them out or put them anywhere you would normally put a business card or flyer.

Here is another unique idea of something to do with them. You can put magnetic signs on your vehicle saying that you buy houses, then put about 10 of these magnetic cards on your vehicle so that when someone sees your vehicle sign in a parking lot, they can just come up to the vehicle and grab one of your cards. This is an awesome idea, and it works!

## **The Big Business Card**

A friend of mine was out of business cards, so he took one of his 12-by-18-inch bandit signs into the office of a Realtor he was visiting. I thought that was a great idea. I printed up some big business cards and started handing them out to Realtors. Wow! Did that get a lot of attention.

I actually had signs made that look like business cards. I made them 8 inches by 10 inches so they would fit into an envelope with a cover letter. Your big business card should say that you buy houses and include your name, phone number, and other contact information. Every time you go into the office of people in the real estate business like, appraisers, mortgage brokers, contractors, building inspectors, Realtors, investors, and property management companies, you can give them your big business card and tell them to hang it on the wall. This helps them remember you, and they will call you before they call anybody else. And once they hang it on the wall, all the other agents and employees in their office will see your business card and that will give you even more exposure.

Next, you can use a sample letter to mail out your big business cards to Realtors to get even more and better exposure. It is best to mail the letter and big business card to Realtors you have talked to first on the phone. It is expensive to mail. Make sure that you only mail it to professional Realtors who are active full time in the business.

In my letter to Realtors and owners/sellers, I show how I am different from many of the other investors they might have dealt with before. I

stand out from the crowd because before we get off the phone, I will make an offer with minimal stipulations, all cash closings, and no financing contingencies, and I purchase most of my properties from Realtors. This is a winning proposition for Realtors and will ensure their favorable attention.

## Flyers

The next thing you want to use to promote your business is flyers. One of the key things about flyers is that you don't want to waste any part of the flyer. If you are buying houses, put that on one side, and if you are also selling houses, put that on the other side. Where can you display them? You can put them at Laundromats, convenience stores, gas stations, or wherever there is a lot of traffic.

You can use sources like **valpak.com**, **valassis.com**, grocery store inserts, or you can contact a newspaper and ask about inserting a flyer in the next delivery. You can also look in your local Sunday paper at all the sale papers. The contact information of who publishes the advertisements in the sales circulars usually appears along the edges of the sheet. Contact them and see how much it will cost to get your flyer into their insert with all the other national advertisers. You can target certain areas and certain regions, which is pretty good.

Be a little creative with flyers. Use fluorescent colors, anything to make your flyer stand out and be unique. Put pictures on it, put a picture of yourself, a picture of a property, but again, be different.

## Postcards

Another way you can market your business is through postcards. These are great because they allow you to target your best prospects and get them to call you. There are many different types of postcards. Who can you mail them to? You can mail them to properties that are under code enforcement, in foreclosure, inherited, owned by out-of-town owners, or owned by Section 8 landlords, to name a few. Information about Section 8 properties is public information, which you should be able to get from your city's Public Housing Agency office. Get a mailing list of Section 8 property owners; sometimes these are "don't wanters" landlords. Get a list of the out-of-town owners from the tax assessor's office

<b>FINAL NOTICE</b>	
<p>URGENT MESSAGE - DO NOT DISCARD THIS NOTICE!  <b>CALL (803)820-4700 ASAP</b></p>	
<p><i>ATTENTION!</i></p> <p><b>IMPORTANT  NOTICE  LOCATED ON  BACK!</b></p>	<div style="border: 1px solid black; width: 100%; height: 100%;"></div>

<b>FINAL NOTICE</b>	
Property Owner Name: _____	
Property Owner Address: _____	
<p>We need to get in contact with you right away regarding the above noted property address. Your response to this notice is time sensitive and requires yours urgent attention.</p> <p>We have a cash offer ready for you but we are awaiting your response. We need to hear from you ASAP because we can only honor this offer for the next 7-10 business days.</p> <p>Please call <u>(803)820-4700</u> upon receipt of this notice.</p>	

The front and back of one of our postcards. We print it on bright orange paper to get noticed.

**BONUS!**

You can see more **samples of our post cards** by going to [www.RealEstateDayTrading.com/Bonuses](http://www.RealEstateDayTrading.com/Bonuses).

or a list service like **corelogic.com**. You can get a list of foreclosures from any of the many listing services that you can find by doing a Google search for the term “foreclosures.”

Use bright colors on your postcards. Make them look personal rather than like a mass-marketing piece. Be sure to use bright colors. Sometimes oversized postcards work very well. The good thing about a postcard is that it is cheaper to mail than a letter. And it is already opened so readership is much higher than with a letter. People will at least look at it. You do not have to worry about whether they have opened your mail.

You can have someone at **guru.com** or **upwork.com** create your own postcard for you. Then all you have to do is get your mailing list printed on labels, slap the labels and stamps on the postcards, and mail them. This can be somewhat expensive, but very effective if you have a responsive list. Try it first in small quantities. Be sure to include a code on the postcards that corresponds to the mailing list you are using. When the calls come in, have your answering service record the codes so that you can track the response. If it works when you test it, then you can order more lists from the same source and expect to get roughly the same response.

## Classified Newspaper Ads and Free Online Classifieds

Newspaper classifieds are one of the fastest ways to get a steady stream of interested sellers coming your way. Many people run ads, so you’ve got to be creative about what you run and where you run it. Run your ads under “houses for sale.” Also try running them under “houses for rent.”

You might even find that you can do better by running a small 1-inch-by-1-column display ad in the general news pages or business pages outside the classifieds. By the way, if you run a display ad, the best place to post your ad is on page three, on the bottom right. This is the first thing people see when they open the newspaper to the first full-page spread page.

In the last few years we’ve primarily switched to free online classifieds like **Craigslist.com**. You can post your e-mail address and phone number, but if you have a website you can list it as well. That way they can simply go to your website and fill out a form and the lead will automatically go into your CRM.

You can outsource this job to a professional. There are posting services or you can hire your own virtual assistant from a site like **upwork.com**. If you do this, you will have an ample supply of motivated sellers coming to you fast.

You can also run a classified ad on eBay to find motivated sellers that you can add to your database. Running an ad for 30 days costs about \$150, and a 90-day ad costs around \$300. Be sure to test the ad first to see if it brings in enough sellers to justify the cost.

Here are three samples of different ads we have used in the past that really worked well for us. They are simple, short, and to the point. The first one is:

**I buy houses, apartments, lots, and land. Quick cash.  
Any condition. Anywhere. Call Larry 855-LARRY-BUYS.**

Another ad that is good for finding people who are in foreclosure is:

**In foreclosure? Save your credit, not a loan.  
Call Larry—855-LARRY-BUYS.**

Whenever people facing foreclosure call, have your voice mail message or answering service tell them how you can pay off their loan, save their credit, and give them a little bit of time to move out.

The third ad that I want to share with you is directed to frustrated landlords:

**Do you own rentals but are sick of management?  
I can help. Call Larry—855-LARRY-BUYS.**

Below is the best ad I have ever used. This is one way to find vacant properties without having to find the vacant property owner first. Direct this ad to owners of houses in the same neighborhood as vacant houses in disrepair.

**Is there a house that is bringing down your  
neighborhood? Trashy, abandoned? I can help.  
Call Larry—855-LARRY-BUYS.**

You can also run an ad very inexpensively in your entire state or a region of your state by contacting your state's press association. They usually have three options for advertising:

1. Statewide classifieds
2. Statewide 2-by-2 ads (This is 2 columns wide by 2 inches high.)
3. Press release services (They will send a press release to every newspaper in your state.)

Depending on the state, you may be able to select a region to advertise instead of the entire state. To find your state's press association, I would suggest that you Google "your state press association" (e.g., "North Carolina Press Association").

## Vehicle Signs

All business people need to have signs on their cars. My sign used to say: I buy, sell, build, remodel, and finance homes. When I used this sign, I only got a few calls all year. That is because the sign had too many words for people to comprehend. I had to shorten it down to: "**Larry-BuysHouses.com, 855-LARRY-BUYS.**" Now I get a ton of calls.

I also put a license plate frame on my vehicle, which is a scrolling LED that simply reads: "**LarryBuysHouses.com, 855-LARRY-BUYS.**" You can get license plate frames at **amazon.com** and search for led license frame.

## Billboards

You have probably seen HomeVestor's billboards: "I Buy Ugly Houses" or "Ug Buys Ugly Houses." If you plan to use billboards, put them in the low- to middle-income areas where the houses you want to buy are located. It is a waste of money putting them in the higher-end areas.

## Take One Box

Most people think only about displaying their flyers in take one boxes at the properties they are selling. What about hanging one either on your car door or on the back of your SUV? You could put some of your

flyers with “I buy houses” printed on one side and “I sell houses” printed on the other side in the box. Also, because you will already have the “I Buy Houses” magnetic sign on the side of your car, they will know what you do and just come up and get a flyer out of the take one box.

## **Door Hangers**

You can hang door hangers on the doors of properties you have found that are in foreclosure. Be sure to pay people to do this for you because putting them out yourself is not a good use of your time. You could pay one of your rehab guys to have their employees put them out for you. You could even list their company name on the back for them in exchange for them putting the hangers out for you. This is a win-win. You could do this with many types of businesses. How about approaching a local independent restaurant and paying for the printing with your ad on one side and theirs on the other and hang them. You could also do this with a pizza delivery service.

## **Pizza Box**

You can put an ad on a local independent pizza company’s box so everyone who gets a delivery will know about you. In exchange, you could provide the boxes. You could also place your ad on restaurant placemats in exchange for printing up the placemats.

## **Promotional Items**

Promotional items can keep your name and your “I Buy Houses” message in front of your potential clients for a long time. The idea here is to find something useful that people will keep and use that displays your name, contact information, and message. You can buy just about anything and have your name put on it: pens, calendars, pot holders, sunglasses, shirts, lanyards, hats, and so on. We buy pens and lanyards and give them out at the real estate investors meetings. Members/investors keep our lanyards to hang their membership badges on. You could also work a deal with your investor’s club to provide them with a lanyard for every new member. What a bargain for both parties. Sometimes, we also provide note pads to hand out at the investor’s meetings so that

when members take notes they will always have our name in front of them.

## Ads on Buses and Bus Benches

If you live in an area where they have public transit, you may consider running an ad on the side of one of the buses. This is a great source with lots of exposure. This also works great in branding your company as well as building your list.

Bus stops have bus benches where you also can run your ads. Thousands of people traveling along these streets every day will see your ad. I know a guy who got a discount by buying an ad on every bus bench in the city. He has a huge presence, and this is really a good source.

## Direct Mail

Many investors use direct mail to generate phone calls from sellers. First, you need a list to target. The best targeted lists of motivated sellers are foreclosures, out-of-town owners, expired listings, bankruptcies, and divorces and code enforcement. Lists of foreclosures are not hard to find. They are all over the Internet. The most popular ones are **realtytrac.com**, **foreclosure.com**, and **foreclosures.com**. To find more, Google “foreclosures” and thousands will come up.

A list of out-of-town owners is a great list because these are people who have houses in your town but live in another town. Some of them are renting the house out to others, and some of the houses are just vacant. Many are in disrepair. Lots of these absentee owners want to get rid of the house but don't have the time or money to get them into a good enough condition to sell. There are several sources for lists of out-of-town owners: Realtors and the courthouse tax rolls. If you have a Realtor friend, he or she might be willing to do this for you. That's why you want to be in the good graces of many Realtors. They can be a great help to you. Or you can simply go down to the courthouse and ask a clerk to pull up a list of out-of-town owners for you.

Expired listings are people who have had their house on the market, and the listing expired without the house selling. Not all of them, but some of them are frustrated and motivated sellers, ready to give up on

selling their house at full-market price. Some are still hoping to sell for full price and aren't likely to give an inch. For a list of them, check with your Realtor friend. Anyone with access to the MLS can pull up a list of expired listings in minutes. The third source is to contact a list broker like **corelogic.com**. You can buy a list from them to mail to. With a list provider, you can even specify the property values, equity amount and other details to get a very specific list to mail to.

Bankruptcy and divorce lists contain a lot of motivated sellers. These are on public record, and you can find them at your courthouse. You can search your county clerk's office under civil proceedings to find divorces that have been filed. Cases that read Jones versus Jones are often divorces. Bankruptcies are great because when the bankruptcy is final and the property is clear, you often have a seller who is motivated to sell. A lot of states have homeowner's exemptions to protect homeowners from losing their houses in bankruptcy. InfoUSA is a mailing list brokerage that rents mailing lists of bankruptcies and tax liens. You can find them at **www.infousa.com**.

You can also address your mailings to homeowners in the zip codes where you want to buy houses. You can target the homeowners in your target zip codes by income level. Lower-income homeowners have a greater chance of being motivated sellers. By mailing to this list, you could uncover quite a few motivated sellers. You can use the **corelogic.com** site as well.

Remember, mailing lists come in a great variety of shapes and forms. Some of them will work for you, and some of them will not. Don't invest in a large expensive mailing without testing your mailing first in small quantities. Start with a 500-name mailing to each list. Code the list with an extension number to track responses and sales. That means the mailing piece you send out should be coded with a phone number, followed by another code number that represents the list you are using. The telephone calls should be received by your call capture service or answering service.

As part of the script, your operator should ask callers for the code number on the mail they received. If you get a high enough response rate then you can order more names from the lists that work and mail

in larger quantities. If you find a list that is extremely responsive, then you should go back and mail it a second or third time until the response dwindles off. The timing between each mailing is also an issue. You could try spacing your mailings to the same list a week apart. But that might be too frequent. If response rates drop too much try scheduling the mailings a month or so apart.

Make your communication as personal as possible. Hand-addressed envelopes work the best. Use a first-class stamp. Put a return address label with your name and address on it, just like you would do if you were sending a personal letter to a friend. And the letter inside should read as if you are writing to someone you know personally. The letter should be short and handwritten. Just tell them you want to make an offer on their house. And ask them to give you a call. Don't use your company name and don't make it look like a commercial mailing. You'll get lots of calls.

If you don't want to hand address all those letters yourself, I don't blame you. Here are some services that will do it for you: [www.thinkinkmarketing.com](http://www.thinkinkmarketing.com), [www.writeonresults.com](http://www.writeonresults.com), [www.fasprint.com](http://www.fasprint.com) and [click2mail.com](http://click2mail.com).

*We saw that you have a history of buying properties and assumed that you are a Real Estate Investor just like us and we wanted to let you know that we are interested in working you.*

*Investors Rehab is THE premier Real Estate Company in your market and we would like to discuss the possibility of working together.*

*We currently have several properties that you may be interested in and we are constantly acquiring more that seem to fit your criteria.*

*Give us a call ASAP to see if working together would be a good fit for us!*



*Call me @ 888-205-0102*

An example of a giving a letter a non-commercial look.

## Google AdWords

With Google, you can run advertising campaigns on Google AdWords. If you go to Google and search for anything, you will see that there are listings down the right side of the page and one or two at the top with a different background. These are paid advertisements. You can go to Google and set up an account to run your ad. When the user clicks on your link it will take them to your website, which will have an offer. What will you offer? As described above, you'll offer a free report of some kind. In this case you want to offer a free report of interest to motivated sellers. For example, one of my reports is called "Secrets of Selling Your House in 7 Days." Once the seeker comes to my website, I ask them to give me their contact information before they can download the free report. Their contact information is automatically stored in my seller database for future auto-responder messages from me. My auto-responder software automatically sends them "Secrets of Selling Your House in 7 Days." It's all done without me even lifting a finger.

As I mentioned in the previous chapter, you need to register your domain name and set up a marketing website. If you do not have a website, you can get a generic website very cheap. But remember that you get what you pay for.

You need software to e-mail your report, collect contact information, and add it to your database. The software will also automatically process unsubscribes from your database. Constant Contact and AWeber are online services that can do this for you. Our website also does this for you automatically.

Next, you need to build traffic to your site. That's where pay-per-click advertising services like Google AdWords, Facebook, LinkedIn ads

### **BONUS!**

If you would like to look at **a sample of the website we use to market for leads and sell our properties**, you can get a demo from one of our Education Consultants by calling 803-831-2858, or you can get more information by going to **[www.RealEstateDayTrading.com/Bonuses](http://www.RealEstateDayTrading.com/Bonuses)**.

and Yahoo Search Marketing come in. You place a small ad on Google AdWords that comes up when people type a certain search term into Google Search. Maybe sellers who are looking for ways to sell their houses type in “selling home.” Then your ad would come up. If it appeals to them, they will click on it and go to your website.

What do you put in the ad? Google restricts the number of characters you may use on each line of the ad. In the Google ad, you want to advertise your free report and attract sellers to visit your site and opt in for your free report and to receive further correspondence from you. Then if you contact them, you won't be accused of spamming them, because by opting in they have agreed to receive your e-mails. Let's say you are offering a free report entitled, *How to Sell Your House in 7 Days in Any Market*. You must select the keyword the seller will use to search. Your ad will appear whenever the seller searches using that word or phrase. Let's say you select the keyword, “selling home.” Then your Google ad might read:

**Selling Your Home?  
The Fast and Easy Way to Sell Your House.  
No Fees. Free Guide.**

But if you select the keyword “stop foreclosure,” then your Google ad would be different. It might read:

**Stop Foreclosure  
The Secrets to Selling Your Home  
Quickly and Easily. Free Guide**

Each of these is considered a separate AdWords campaign. You can run more than one ad in each campaign, and you can run as many ad campaigns as you want.

You want your ad to attract only motivated sellers. You don't want people clicking on your ad who are not really interested. In pay-per-click advertising, you pay for every click whether it comes from a good prospect or not. You pay for your ad based on a cost per click. You may bid to pay 5¢ per click or \$5 per click. This can get very expensive. It all depends on the keyword you choose and the page ranking you want.

Some keywords are in great demand, and the price for those have been bid up to a high level.

If you want to get a high page ranking on some keywords you might have to pay \$1 to \$5 per word. The more in demand the keyword and higher in the page ranking you want, the more expensive the ad. Some ads cost \$100 per click.

To reduce the cost, you can also set it up so that your ads will only show up if someone in your area is searching for your keywords. If you are in Orlando, Florida, for example, you may only want people who live within 50 miles to see your Google ad. In that case, any time someone who is 50 miles or farther away from you inputs a search, your ad will not appear, which will save you money by preventing people outside of your area from clicking on your ad because that's how you pay.

You also want to be careful when you select your keywords. You want keywords that will attract only motivated sellers. That is why you have to choose keywords that your motivated sellers might use to find someone to buy their house. Use narrow targeted keywords. If you select keywords that are too broad, you will get more people clicking, but many of these will be people who aren't motivated and have a house to sell. But you still have to pay for those clicks.

Here's the link to Google's AdWords keyword selection tool: **<https://adwords.google.com/KeywordPlanner>**. You can use this tool to find out how many Google searches your keywords get each month.

Carefully test your AdWords campaign first on a small scale. The neat thing about Google is that you can set a daily and monthly budget. For example, you can set your daily budget at \$5 a day and your monthly budget at \$500 if you want. Watch your expenses and don't get carried away. See **[adwords.google.com](https://adwords.google.com)** for details.

Even Facebook has entered this marketing arena with their ad service, Facebook Advertising. Go here for details: **[www.facebook.com/ads](https://www.facebook.com/ads)**.

You can also build traffic to your website by running free online classifieds, and banner ads on high-traffic real estate sites and in niche market real estate ezines. Once you have all the pieces in place, the sky's the limit!

**AdSense:** Google AdSense is another type of advertising you can do through Google. Have you ever been to a website and seen the listing of Google ads down one side or the other and the top of the web page reads: “ads sponsored by Google”? These are AdSense advertisers. You set up your Google campaigns the same way, but you just specify that you want your ad to be shown on other related websites, not just Google searches. You can still select a geographic area so you aren’t wasting money on clicks out of your area.

## Networking

### Real Estate Investors Associations

Your local club is a great source of networking for buyers, sellers, rehabbers, appraisers, attorneys, Realtors, and property managers. Distribute your “I Buy Houses” business cards with your phone number to everyone you meet and tell them to contact you whenever they have a house to sell.

Remind them that you will make an offer on any house before you get off the phone, and you will close with all cash.

### Word-of-Mouth Advertising

This sounds very simple, but don’t discount it, because it will not work if you don’t use it. Tell everyone you meet that you are an investor and you buy property. When you do this, you will be surprised at how many people run into other people who need to sell a property, and if they know you buy property, then you will get the call.

I talked to a new investor recently who told me of the three deals he had purchased; the first two came from coworkers. He just told everyone he knew that he started investing. His coworkers told him about someone they knew who wanted to sell a property. Insider leads like that are the best. It’s so easy to call someone and say that a friend of theirs told you to give them a call about a property they need to sell. It’s an instant icebreaker.

## **Bird Dogs**

This can be a great way to have people out finding deals for you. This involves finding some new investors who want to get into the business. Ask them to look for deals and send them to you. They are basically your bird dogs pointing out deals for you. The best way to find them is at your local real estate investors association. You can also put out Bandit Signs that say something like: Local Real Estate Investor Seeks Apprentice. Earn While You Learn! If you do decide to pursue this method, please make sure you are aware of your state laws on paying commissions to unlicensed people who send you a property. If your state has no laws against it, you could pay them a flat fee or percentage of every deal you close. If your state doesn't allow this, then you can pay them a lower amount for every lead, whether or not the deal closes. To learn about your state laws, you can contact the real estate commission in your state. To find them, just Google the name of your state along with the words "real estate commission."

## **Prospecting**

Prospecting is anything that you do that requires you to dig and search in order to contact the owner or the seller of a property. Prospecting involves calling Realtors, conducting online searches, driving the neighborhood looking for vacant houses, or hiring others to drive neighborhoods and bring deals to you.

When you are prospecting, you must know what you are looking for. If you don't, it can be a gigantic time waster. You must be very selective and only contact the best prospects, the ones who have houses to sell and are desperate. These are the contacts that can boost your income.

## **Look for the Gap**

Unless you are working a pre-foreclosure to do a short sale, look for deals that have a little bit of margin already. If the asking price is below the market value, you know you have a motivated seller. You're looking for gaps between the market price and the asking price. For example, if a 1,200-square-foot, three-bedroom, two-bath house in a certain neighborhood is selling for \$120,000, and your prospect is already

asking \$95,000, you have a gap. And there is a good possibility that seller will go even lower in price. I would call about it. If there is a house on the market, and it is worth \$105,000, and the owner is asking \$105,900, then I would not even look at that house because there is no gap. However, if the seller is behind on the mortgage, then he or she is definitely motivated. A short sale is possible, so I may want to call about that property if I wanted to work a short sale.

You should also look for vacant houses, houses in disrepair, houses with absentee owners, in probate, with tax liens, in divorce, and generally, any houses where the owner is in distress.

In this section, I'll give you a lot of information about locating properties and finding deals. But remember, it is very, very, very rare that you find a deal. Deals are made, not found. You must make your own deals by building rapport, getting people to like and trust you, and getting to know them before you make them a low offer.

Every time a seller tells you something, make a note of it. Maybe your seller likes to golf, ski, fly fish, or has a child on the Little League baseball team. Write it down and make a note. Later when talking to him, you can ask him about his children or favorite hobby. Show you care about your sellers as people and they will trust you more. There are many ways to prospect. I am going to share many of them with you. You are not going to use all of them, but I wanted to share enough of them with you so that you can have several different sources out there to get leads and prospects to be able to buy property.

## Houses Already on the Market

**Realtors:** A Realtor who deals with damaged, delinquent, and bank-owned properties could be your best friend and ally for finding motivated sellers. I buy a lot if not most of my properties from Realtors.

**BONUS!**

For the **complete scripts we use for sellers and Realtors**, just go to **[www.RealEstateDayTrading.com/Bonuses](http://www.RealEstateDayTrading.com/Bonuses)**.

Remember, at the beginning of this book, I said to go after the low-hanging fruit in your area. That is what works best and easiest in your market. At one time, Realtors were the easiest way in my market, but now, although we buy a lot from Realtors, we also use other methods.

Every time you talk to a Realtor, get their e-mail address to put in your database. And always ask Realtors if they can sign you up for automatic e-mail notification when any properties come on the market that meet your search criteria. This is very important and can save you a lot of legwork. Ask them to set it up based on certain keywords, if they can. If so, give them the types of property you are interested in and a list of keywords. Keywords like motivated, vacant, abandoned, short sale, transferred, bank owned, handyman special, TLC, needs work, fixer upper, reduced, must sell, bring all offers, and so on. Be sure to call the Realtor who sent you the deal and put your offer in through them so that they get their fee if the deal closes. If you find a property on your own while driving or searching the Internet, then go through the listing agent on that property.

Ask Realtors to refer sellers they cannot help to you. This mainly applies to sellers in default or foreclosure where there is not enough time to put the property on the market. Tell Realtors that you buy houses, pay all cash, and can close in a week. You can help sellers get out of those houses quickly.

In exchange, offer to send the Realtor any sellers who you cannot help, which may be a good listing prospect for the Realtor. Always try to create win-win situations that benefit all parties.

When talking to Realtors, be sure to always inquire about pocket listings. These are listings that they may have just acquired, that are not yet listed in the MLS system. If you have a relationship with the Realtor, you want them to call you first. Ask your Realtors for reports of expired listings monthly. These are the properties that were on the market but didn't sell. This is a great source of motivated sellers as I mentioned previously when discussing direct mail.

**Find the Best REO Realtor in Your Area:** Some Realtors specialize in real-estate-owned (REO) or bank-owned properties. These banks are super motivated and want to get these properties off their books as fast as possible. You can make some great deals. It's important that you find

out who the REO Realtors are in your area. These are the Realtors who work directly with the asset managers or banks that have taken property by foreclosure.

Asset managers help banks dispose of these properties. Ask one of your Realtors to send you an e-mail or print you a list of the properties that have already sold with the keywords REO, bank-owned, seller addendum required, and foreclosure. The listing agents of these properties are the Realtors who work with the banks and asset managers. They are the ones getting all the foreclosure listings. Get on their e-mail lists, put them on yours, visit their websites, add them to your bookmarks, and make some offers through them!

**Find the Best Realtors in Your Market:** You want to find the best Realtors by volume of transactions in your area. Don't search for dollar volume because that will favor Realtors who sell in high-priced areas, which you don't want. You want the highest number of transactions.

Contact your local Realtors association and ask them for the information. Tell them that you want the names of the top five agents by transaction volume. They keep statistics on all the Realtors and properties. You can also get information on the number of properties sold, the median price of the properties that have sold, and ones that are on the market now. Look for the Realtors selling the most houses in your target areas. Call them, put them in your database, and get on theirs. The reason you do this is because you want to know which Realtors are doing the most business. They are usually the ones who have the most listings, although not always. They also typically are the ones that work with the lower-priced properties or bank-owned properties.

**Online Searches:** We do a lot of Internet searching. Searching online is how we get a large percent of our properties right now. The Internet offers tremendous sources for finding property. As I explained in the last chapter, you can bookmark and tab the most important sites for Internet searching. This way you can search them very rapidly. This is what I do: set up folders in your bookmarks for each of the different categories of searches like newspapers, free classifieds, bank-owned property, Realtor sites, contractors, and auctions sites. I have them all tabbed for quick browsing. Use search engines to find more sites to add to your search categories as you go along.

When scanning ads and listings for prospects, I look for words like: motivated seller, must sell, bank-owned, for investors, needs work, fire damage, owner leaving town, owner transferred, or best offer (obo), divorce, owner financing, owner flexible, below appraisal, investor special, handyman special, fixer upper, lease option, rent with option, take up payments, owner desperate, or any other words that signal that this is not a homeowner trying to sell their house at full-market price.

One of the things we used to do is look for out-of-town phone numbers. However, with most people now using mobile phones only and they move and keep the same number, this doesn't apply as much anymore.

When searching the classifieds, your browser allows you to highlight the keywords making it easy to find the ads you want to read. Make sure that every property you consider buying has a picture. Never look at a property without a picture. We just don't have time to waste time on houses without pictures. We are too busy making lots of offers to stop and track down houses without pictures.

We don't have time to research and get involved in a house if we don't even have any idea of what it looks like.

## Keep Track of Properties You Find Online

You can keep track of the properties you find online a couple different ways. The first way is the easiest. Most websites that list properties allow you to set up a free account and log in. Once you log in, you can save searches and properties. Some of them even allow you to make notes for each property. Websites such as **realtor.com** and **zillow.com** both allow this, as well as many others.

Another way is to save them in your database CRM as previously mentioned. Now if you are just getting started, you may not have a CRM yet, however, you can use the previously mentioned way to save properties until you have your own CRM.

### Major Websites

**Newspaper Classifieds:** We search about 10 or 11 different newspapers in our surrounding area. I have bookmarks saved to the Real

Estate section of the Classifieds, and in about 15 minutes, I can search all the newspapers for “Real Estate for Sale.” But I don’t just look in that section—I also look under “Real Estate for Rent.” Many landlords who are renting property are tired and aggravated and may be ready to sell if a credible buyer like you comes along.

Another thing to keep in mind is that some people do not know if Saturday or Sunday is the real estate day for the local paper. For example, some people do not know that Saturday is the real estate day in my area and they think Sunday is the best day to run the ads. So always look in the Sunday edition as well, when you are looking either in the physical paper or online.

If your local area has a legal newspaper or a legal section of your newspaper, that can be a potential source. You should look for newly filed Foreclosures or Judgments. Sometimes there are classified ads in there. Divorce listings in the legal section may be another source. The people going through a divorce may have real estate they need to sell.

**Free Online Classifieds:** I do the same thing for free online classified sites. There are dozens of free online sites that have real estate for sale listings. The best classified website is Craigslist. Just do a Google search with the keywords “Free online classifieds” to find more as they change often.

**eBay Real Estate:** Also be sure to search and bookmark eBay’s real estate site. Just go to eBay and go to the category called real estate. Then you can search for properties with the keywords you are looking for.

**Real Estate for Sale Magazines:** The *Real Estate Book* and *Homes and Land* are also good sources. You can search their listings online and also get a free subscription. You can find them at **www.RealEstate-Book.com** and **www.HomesAndLand.com**.

**Real Estate Auctions:** Create a folder in your bookmarks for real estate auctions. Many of the properties listed on auction websites are distressed properties, where the owner is extremely motivated to sell; look for keywords that indicate this motivation. Also look for houses in need of a lot of repairs, possibly with absentee owners. Get the information you need, do an instant property analysis, and make an offer.

Some of these properties have few bidders, and you can pick them up real cheap.

Here are some auctions sites to add to your bookmarks under the category auctions: **auction.com**, **xome.com**, **homesearch.com**, **ten-x.com**, **proxibid.com**, **auctioneers.org** **hudsonandmarshall.com**, and **www.realtybid.com**. You'll find more by searching "real estate auctions" with your city name.

Also, I want to suggest that you learn who all the local auction companies are, get on their physical mailing lists as well as their e-mail lists, and call them on a regular basis. Send them your business card, send them a flyer, let them know what you do, and search their websites often for properties that may be coming up for auction.

**Realtor Listings:** No need to call your Realtor to look up properties for you. Now you can search Realtor sites for properties that match your criteria. Add this Realtor site to your bookmarks and search it frequently: **www.Realtor.com**.

**Bank-Owned Property:** We get some of our best deals buying bank-owned property. The banks call them real-estate-owned or REO. Many banks have to take houses back from homeowners. REOs held on a bank's balance sheet are considered nonperforming assets. Banks don't like them. They wreak havoc on their balance sheets. They don't have the expertise to sell houses and are not set up to do the rehab work necessary to sell them for full price. We get some of our best deals from bank-owned houses. I used to look on the banks own websites for bank-owned properties, but the banks all hire asset managers and they always hire a Realtor to list the REO properties. So now we just find them on **Realtor.com**.

## Build Your Bookmarks

**Google Searches:** You can use Google to find many different websites you need to find properties, buyers and run your business. I have set up bookmarks that have many different categories that allow me to quickly find anything I need anywhere that I may be buying a property.

**Google Alerts:** Google Alerts is a *free* service provided by Google that allows you to list certain keywords of interest to you. Then when something is posted to the Internet related to those keywords, Google will send you an e-mail with a link to the page.

As a real estate day trader, you could use Google Alerts to get notifications about houses for sale that are of interest to you. You could set up an alert with your city or county name plus keywords you use in searching for a property. Here are a few examples: “Charlotte Fixer Upper,” “Charlotte handyman special,” “Charlotte foreclosure,” “Charlotte vacant,” “Charlotte abandoned,” “Charlotte reduced,” “Charlotte must sell,” and “Charlotte motivated seller.” The list could go on and on.

## Houses About to Hit the Market

Houses listed for sale are only the tip of the iceberg. There is a huge, hidden, untapped market of houses that are owned by motivated sellers that are not on the market, not advertised. The owners have given up or are not actively looking to sell. Maybe they don’t believe anyone would buy their property in its present condition, and they don’t have money to rehab and sell the property at a profit themselves. Here are some of the many sources of unadvertised properties.

**Property Managers:** Property managers know a lot of investors who may have properties to sell. Some are Realtors as well as property managers. They give their best leads to clients whose property they are managing. They want to deal with investors who are loyal. The last thing a property manager wants to do is to find a deal, send it to you, and find out that you are going to manage it yourself. It is a good source for property, but you must always let them manage the property you buy, even if you are selling it off in one day to another investor. Get your investor/buyer to agree to let them do the property management at least until the current tenant moves out.

**Courthouse Search:** Courthouses have information on divorces, foreclosures, delinquent property taxes, and out-of-town owners. These are some of the best sources of motivated sellers. Most counties are now online. You can find any county website by going to **naco.org**.

**Divorce:** Look for same last names of male and female in the Book of Civil Lawsuits in the Circuit Court. If they are going through a divorce and they have real property, chances are they are going to sell it. You may want to either call or send them a postcard or letter and put them in your database.

**Foreclosures:** You can find newly filed foreclosures at the courthouse posted on a bulletin board. Usually, the older the mortgage, the more equity the house will have. Sometimes you will see a very low mortgage balance and a lot of times it is a second mortgage. You can call homeowners directly or send them a letter and let them call you as previously described under direct mail. As mentioned, many counties are now online and all the data is available there.

**Delinquent Property Taxes:** Contact the tax office or go online for a list of properties with delinquent taxes owed. Some tax offices even publish this information in the newspapers, and once a year, they publish a list of the property taxes that have not been paid.

**Out-of-Town Owners:** The tax department will list the owner's mailing address, and many times, you can find it online. If owners live out of town now, they might want to sell their house and buy another one closer to where they live. It is not a bad idea to at least try one or two mailings to see if you can find some out-of-town owners who may want to sell. There are also different services that can provide you with these lists. Websites like [corelogic.com](http://corelogic.com), [listsources.com](http://listsources.com), [melissadata.com](http://melissadata.com) and [realquest.com](http://realquest.com).

Here are some other sources for property, and bear in mind that you will not use all of these sources. You may only use a few of them, but I just wanted to give you some different options. You should keep five to ten sources going at a time so you will have a steady source of leads coming in.

**Home Inspectors:** Many people have their homes inspected before they put them on the market. So, home inspectors may be good sources for deals every now and then. Talk to them and put them in your database to stay in touch.

**Senior Citizen Retirement Homes:** You can put a sign up on their bulletin board after you get to know the admissions director or

marketing director. Homeowners may want to move in to the facility and need to sell their property first. Also, current residents of the retirement home may have visitors who could be another source or motivated buyers.

**Garage Sales:** This is a good source because many people have garage sales before moving out of town. You can check the papers for them and because most of them are on Saturday, it's a good day to drive the neighborhoods that you want to buy in anyway. Then, you can catch both the yard sales and the open houses and maybe find some vacant properties, too.

## Vacant Houses

Vacant houses are a major source of houses that you can sometimes pick up for a song. Owners of these houses are usually motivated sellers. Nobody is making them offers. They aren't getting rent. When you come along and show some interest, what kind of reception do you think you are going to get?

Most of the time, you'll be welcomed with open arms as a savior who can help them get something out of their problem house. Make them an offer, even a low-ball one, and they may just take it. If they pass it up, it will be a long time before anyone else comes along to buy it. Some of these houses are ugly and need a lot of work. Some of them are boarded up with condemned signs on them. You can sometimes pick them up real cheap. You'll get them so low that there will be plenty of room for repairs and plenty of profit for you and your buyer. I'll show you how you can find these houses and really make a killing.

They are not advertised, but they are all over the place if you look. Drive out to your target neighborhood. Ride around the neighborhood and look for vacant properties. If you find one in a neighborhood, you're likely to find several more in the area. Use your smartphone to record the address of all the vacant properties you see.

You may want to stop and ask the neighbors if they know who owns the property. Walk around the house and look for clues. There might be something lying around the house, maybe an old sign stuck out behind the house. Call the number on the sign. You can also talk to the neighbors.

Most of them know what is going on. Once you get back to the office, do an online search of the address to find the name of the property owner. There are many online search services to help find absentee owners as previously mentioned. You can also use a skip tracer. Once you find the person, give them a call first.

If you cannot get them on the phone, then send them a postcard or letter.

**Finding Lost Homeowners:** Here are a few services for tracking down homeowners: [peoplesearch.net](http://peoplesearch.net), [www.searchsystems.net](http://www.searchsystems.net), [www.whitepages.com](http://www.whitepages.com), [www.maralogix.com](http://www.maralogix.com), [www.merlindata.com](http://www.merlindata.com), and [www.findtheseller.com](http://www.findtheseller.com).

If you have tried these services and you still can't find the owner of a property, you may want to try this. Take a "For Sale By Owner" sign, put it in the yard with your number on it. Within a few days, the owner will find you and call you to ask why you have a sign in their yard. I have never personally done this but one of my students told me about it, and it could work.

Here is another idea. Look up all the owners on the street by searching the county website. Then get their contact information from people finder websites. Then call all the neighbors to see what they know about the owner of the vacant property. You can do all of this without ever leaving home.

**For Sale by Owner Signs:** While you are riding around looking for vacant houses, you might see some "For Sale By Owner" signs. These owners are generally not as motivated as owners of vacant houses. Write down the address and telephone number, give them a call, and put them in your database. You will find a few properties this way. However, you will not find very many because it has been my experience that the people who are selling their houses themselves are too cheap to pay a Realtor. Especially if it is a nice house. So, they are probably not going to take very much of a discount on their property unless it needs a lot of work. Don't worry about these too much, because you are really looking for unadvertised properties. Let your auto-responder software or CRM do the work of following up with them.

**Hire Others to Bring Vacant Houses to You:** You should be making offers and closing deals. You shouldn't be driving around neighborhoods looking for vacant houses. Do it once or twice for the experience, then hire someone else to do this for you. Here's what I do to get hundreds of leads on vacant houses delivered to my door.

Find someone with a vehicle who has time to drive around neighborhoods looking for vacant houses. Pay them \$5 for every vacant house they find and have them take a picture of each house. But before taking the picture have them put an erasable sign in the front of the house with the address written on it. You can get an erasable whiteboard from many office supply stores and use that to make a sign for each house. Take the picture. Then erase the sign and use it again for the next house. When they bring you the pictures, pay them \$5 for each picture. If they get the name and current address of the owner by asking around or looking it up on the computer give them another \$10. It's worth every penny. I have one gal that does nothing but drive around neighborhoods bringing me leads. It's great. She makes good money in her spare time. And I close lots of deals worth \$5,000 or more each!

## Other Sources of Leads on Vacant Houses

**Code Enforcement Agencies:** Many properties are under code enforcement, which means that the property has code violations that do not meet minimum housing standards. If code enforcers cannot find the owner, sometimes they will publish a notice looking for the owner. Sometimes you can buy those properties pretty cheap if you can locate the owner. We have gotten some of the best deals through code enforcement.

Code enforcement agencies are one of my favorite ways to find vacant and run-down houses. Contact your local code enforcement agent and tell him or her what you do. Tell them if they send you leads, you will buy some of the houses they have on their books that are in violation of county codes and get them off their books.

Contact the agent in your county and in your surrounding counties. When you call the county, find out who the building inspector, minimum housing inspectors, or code enforcement officers are. Get their contact

information: their phone and their e-mail. Some of them are online; some of them are not. Go online to find out if they have any properties with code violations on them.

Don't be shy about asking for this information. This is public information.

Some of the best deals that we have purchased have been through building inspectors. Once you buy one property that you got through the building inspector and sold to an investor who fixed it up, be sure to contact the inspector to let them know. Have them come out and look at it. Once your investor/buyer gets that property fixed up, the building inspector will be more open to looking for more deals for you in the future. They will start bringing deals to you.

**Utility Workers:** When someone leaves a house, they get their utilities shut off. That means a utility worker has to drive out to the house and shut off the water, power, or gas. Some of these houses having their utilities disconnected are properties that may be available to buy. Any time you see a utility worker in a neighborhood, stop them and give them your card. Tell them you will give them \$5 for every lead on a house that becomes vacant. Have them take a picture as described previously and give it to you. And offer them \$10 if they give you the name and contact info of the owner. They can also scout out other vacant houses in the neighborhoods.

You can do the same with garbage collection services, lawn care companies, and city bus drivers as well as anyone else that frequents neighborhoods.

**Homeowners in Transition:** When people are in transition in their lives, they often need to sell real estate. But they are often not in a good financial position to take the time and expense to sell at full price. Here are sources for locating motivated homeowners in transition with houses to sell.

**Attorneys:** People in transition are often in contact with an attorney. Divorce is a major life change, and divorce attorneys are a good source of leads on houses for sale. Contact the attorney for the plaintiff, to see if there is any real estate involved. Let them know that you buy houses. Call them, e-mail them, and send them letters.

Another source is estate attorneys. When someone passes away, they usually have assets that need to be sold by the heirs. Contact estate attorneys who may be in touch with heirs who have inherited property that they want to dispose of.

Real estate attorneys know who is buying and selling and who has property for sale. Also look for trustees, bankruptcy trustees, and trustees for deeds of trust on houses that are in foreclosure. Network with attorneys, get on the inside and do business with them.

Once they know you and know what you can do for them, they will start calling you when they have clients with houses to sell quickly. You will have to have the attorney contact their client because they will not give out client contact information without the client's consent.

**Executors of an Estate:** Executors or Personal Representatives of an estate are usually relatives of someone who has passed away and are settling the estate. There may be real estate that has to be sold. You can find out information at your local courthouse and from attorneys as well.

## Owners by Default

**Bail Bonding Companies:** Often, bail bonding companies take a deed to secure a bail bond. It happens that many bonding companies end up owning real estate just by default and may have some properties for sale.

They end up with the property when someone skips bail. I know many bail bonding people who are in the real estate business, so this is a good source for property.

**Surplus Property for Sale:** Contact your city and ask for the city attorney to find out if they have any surplus property for sale. Sometimes, cities have surplus property, including real estate. This is a good way to find some deals. Although you will not find a lot of property, it is a source.

You can also contact your state's Department of Transportation (DOT) and ask the same thing. One of the best deals we have ever purchased was from the South Carolina DOT. It is a commercial property

on a four-lane highway near the interstate. We purchased a portion through a Realtor and the rest was surplus property purchased from the South Carolina DOT. I have a total of \$52,000 in the property. A few years ago, I used it as a down payment on the commercial building I now use for my office. It is a 9,058-square-foot building. We occupy about half and rent out the rest. I purchased it for \$770,000 and used the lot as partial trade to the seller of my building. He gave me a credit for \$300,000 of my lot that I have \$52,000 in. This was a no money down deal for me as I went to the bank and got a loan for the entire balance above the credit for my lot. I actually did a 1031 tax deferred exchange on this transaction, which helped me to defer about \$80,000 in taxes.

**Nonprofits:** Many times, people donate their real property to charities and nonprofit organizations for a tax write-off when they do not have any use for it. However, the charities would rather have money than own the property. So, they are very eager to sell the property. I am looking at a property right now in Shelby, North Carolina. One day a man from a nonprofit organization called me up and said that someone had passed away and willed them a piece of property and they were going to sell it. He got my name from an attorney and wanted to know if I would be interested. I told him I was and made him an offer. I may eventually get the deal resulting in another \$5,000-plus payday for me.

**Mobile Home Dealers:** Many mobile home dealers receive houses as trade-ins on mobile homes they sell. They are not in the business of selling houses. They don't want to fix them up and find a buyer. You could do them a great service by taking these properties off their hands at a big discount in exchange for a quick cash close.

## Defaults and Foreclosures

Besides the courthouse where you can find information on the most recent foreclosures and delinquent property taxes, there are also several other sources of defaults and foreclosures.

**Process Servers:** When someone has a foreclosure filed against them, process servers go out to deliver that notice of foreclosure.

**Security Guards:** Security guards in gated communities know when process servers are serving notices of foreclosure on a resident. I got this idea when one of the security guards in my development saw my SUV with my “I buy Houses” sign. One day he flagged me down and said, “Let me tell you about a property down the street that they came in to serve papers on.” If you do not know any of the security guards, just introduce yourself and hand them your big business card to put on the wall so they will remember you.

**Hard-Money Lenders:** I am a hard-money lender. I have been very fortunate that we have only had to foreclose on a few properties. However, I am sure there are some hard-money lenders out there who have had to foreclose on more. You may even want to run an ad in the paper, “I buy delinquent mortgages.” Many of them will call. Hard-money lenders do not want to have to foreclose on a property. They will appreciate a quick way to solve the problem of defaulted loans without foreclosure. Maybe you can contact the owner of the property and work something out with them.

**Bankers, Mortgage Brokers, and Other Lenders:** Many banks, savings and loans, and mortgage companies have a real-estate-owned (REO) department. Most of these departments are willing to sell these houses cheap just to get them off their books.

You may also find someone in the loss mitigation department who knows of people who are planning to refinance or who are behind on payments. I have had some small lenders call me and give me information about people who are behind on their payments. They describe the property and ask me if I would be interested. They give me a little generic information about the property. They tell the borrower that they may have a solution for them and ask if they can give them my number.

It is a violation of Privacy Law for them to give you the borrower’s personal information. Don’t ask them. But after they talk to you and find out that you can do the deal, sometimes they will have the borrower call you. I have bought several properties this way.

**Private-Money Lenders:** There are other private individuals out there with assets, such as an IRA, CDs, savings accounts, or checking accounts. They lend money to investors as short-term loans to purchase

and rehab properties. Sometimes an investor might get behind on payments with them, and they need to sell the house fast instead of foreclosing.

**Homeowners Associations:** Many condos and single-family residences have homeowners associations. Sometimes people don't pay their association dues. The association puts out notices in the community newsletter, and sometimes, associations even go so far as to foreclose on the property.

Keep in mind that this is a junior lien if there is already a mortgage on the property. But it is a signal that the homeowner is in trouble and may need to sell quickly. You may want to contact the association and ask if they own any property and ask about any delinquent dues or any properties in foreclosure.

Some states are what are called Super Lien states. This means that if an HOA is owed money and forecloses on a property that has a mortgage, the HOA foreclosure wipes out the mortgage. This applies in a handful of states. Some investors even find properties by purchasing those liens and foreclosing on the property and wiping out the mortgage.

## Tired Landlords

Land lording can be a tough business. Many landlords are burnt out, fed up, and desperate for a way out. They might welcome your deal. Here are some easy ways to find them.

**For Rent Signs:** When you're out driving around, look for signs that say, "for rent," "for sale," "rent to own," and "lease to own." Sometimes these are tired landlords, and they just want to get rid of the property. Call the owner. You might find quite a few who are willing to negotiate with you. Also, when you're online, search for "for rent," "for sale," "rent to own," and "lease to own" in ads. If the property is "for sale" or "for lease," a lot of times that means they may even owner-finance that property.

**Eviction Courts:** Another place to find tired landlords is just outside of eviction court. Many landlords are already disgusted, and you may catch them when they are ready to sell just after having to evict the tenant. Simply find out what day your county holds eviction court and

go there and wait for the landlords to come out. When they come out, hand them your “I Buy Houses” card, and ask if they have any property they may be interested in selling.

## Damaged Houses

**Insurance Companies:** Insurance agents and insurance adjusters can help you find houses with damage. They know the properties that need repair, and they know the properties that have claims. I have purchased properties from insurance companies that have paid a claim on the fire damage of a house.

**Fire Departments:** Fire departments keep records of all house fires. They know where the houses are with fire damage. They may be able to help you out as well by letting you know any time there is another property with fire damage.

## Farming a Market

You can go right into the neighborhoods and go canvassing house to house looking for houses with motivated sellers to buy. Realtors do this all the time and call it farming the market. Canvassing is simply walking the neighborhoods, ringing doorbells, and reading a script at the door to the homeowner. If nobody is home or doesn't answer, then you put door hangers on the doors.

You could target people who you know are in pre-foreclosure, or just go up to every house in neighborhoods where you want to buy houses. You want to be careful when canvassing, especially if you are female and/or you are hiring others to do it for you. You never know who will answer the door.

Now you've got buyers, and you've got sellers. When I used to hire canvassers, I would give them a name tag with their picture on it and have them hold a clipboard with a form on it. This helps to get the door opened. Someone inside looks out the peephole and sees someone there with a picture name tag and a clip board so they are more likely to open the door.

There is one more thing you need before you start making offers and closing deals. You need money. The next chapter tells you how to get it.

# Secrets of Day Funding: Get 24-Hour Fast Cash

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**S**omeone very wise in the ways of the world once said, “He who has the cash, makes the rules.” It’s true. When you have money, you have power. People pay attention.

You can close deals with no money at all. And in this chapter, I explain how you can use options, flex options, assignments, simultaneous closings, and other techniques to close your day trade deals without any money.



These techniques don’t work for every deal. They don’t even work for half the deals. Most of the time when we buy a house, we close the deal with cash. Then we turn around the same day and sell the house for cash. We buy and sell for cash in the same day.

For example, we agree to buy a house from our motivated seller for \$50,000. After we do our due diligence, we announce the house for sale to our buyers for \$60,000. We set a closing date. Then at closing, we wire \$50,000, which we “borrowed” from our checking account. When we buy the house in the morning, the closing agent has our \$50,000. In the afternoon, the buyer has wired their \$60,000, and after everything has been signed, the closing agent then gives us a check for the proceeds

which we deposit it into our account. We've returned the \$50,000 we "borrowed" from our account that morning, plus a \$10,000 profit. Now this example obviously doesn't include closing costs, but I left those out to keep things simple for this example.

That's how a typical day trade works. As you can see, we really didn't invest the money in real estate. We just funded the deal for a few hours between the closing in the morning when we bought the house and the closing that afternoon when we sold the house. Now in the real world, we would probably not receive the check or wire from the closing agent until the next day because all the documents would need to be recorded before the attorney or title company could disperse the funds, but you get the idea.

## Show Me the Money

Sometimes we get a contract from the seller, and when we close, we assign the contract to the buyer and receive an assignment fee. And sometimes we can do a simultaneous closing, where we use the buyer's cash to pay the seller. But what about all the great opportunities we negotiate to buy bank-owned houses at rock-bottom prices from bank REO departments?

REO departments will refuse to work with you unless you have cash. They don't allow assignments or accept options. They know you are a serious buyer when you show up with cash. Once you get some cash in your pocket, you can snatch up pre-foreclosures, bank REOs, and houses at auction.

Remember, you'll need cash to close any deal that you do through a Realtor, but it doesn't have to be your money.

Think of all the profitable deals you'll have to pass up if you don't have access to cash. With money, you'll be able to act decisively when a good deal comes along because you know you can pull out your

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Sellers  
know you  
are serious  
when you  
show up  
with cash.

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checkbook and write a check for the property on the spot. That said, where do you get the cash?

## Where You Don't Get the Money

First, I want to tell you where not to get the money. As I mentioned previously, we're looking for overnight cash that will be out of pocket for 24 hours. We only need enough to buy a house for cash and then turn around and sell it for cash the same day. The money can then be returned to your bank account that day or the next.

We don't need to go to the bank and get a mortgage. Banks are out of the question anyway because they don't lend money on houses that need repair. They won't lend based on after-repair appraised value. They will typically only lend up to 80 percent or less of the purchase price. They are only interested in lending to investors or owner occupants of fully repaired houses. When your investors/buyers sell the house at retail, banks finance the purchase for the new homeowner.

We don't need to get a loan from hard money lenders, private money, partners, or investors. These are the kinds of lenders that your investors/buyers will use to buy the house from you and to rehab and sell or lease it. For example, private lenders want to lend money at a fixed rate for a fixed term—usually about 12 percent to 15 percent for a year. Private lending will not work for you because your private money lender wants to sit back and collect interest for 6 to 12 months or more. But you only want the money for 24 hours to close the deal. They won't earn much interest lending money for just one day.

And hard-money lenders usually charge 4 to 7 points, plus 12 to 15 percent for a maximum of one year. It would be very expensive to use a hard money lender for just a day. You'd pay 6 points upfront just to get the funds released to you plus all their fees. Getting money from partners is just as expensive unless it is your only source.

## Where You Should Look for The Money

Where, then, does this leave us? How do we find the short-term, 24-hour money we need to lock in these deals? It is not really a problem. If you have a good deal, the money will come. You'll find many sources of cash if you start looking. Just think of it this way. You don't need a lot of money, just enough to close the deal. Most of the houses we buy are going to be cheap.

Second, we only need the money for one day at a time. Then we return the money to the lender. Your lender can sleep like a baby knowing the money they lent in the morning is back in their coffers in 24 hours. They don't have to be concerned that you are spending the money recklessly, that cost overrides are going to wipe you out, or that some emergency will cost you more cash. All they know is that you paid them back the same day.

You'll find plenty of lenders who will want to deal with you. First let me explain how you can access some of the cheapest money on the planet. And some of it will cost you nothing to use.

### Borrow on Your Credit Cards

Credit cards are a good source of funds if you use them correctly.

Most credit cards come with checks, so using your credit card is as simple as writing a check. Maybe right now, you don't have enough credit cards or high enough credit limits to fund a closing with them. But you can apply for more cards and get credit limit increases on the others to build your available cash.

One of my students has \$250,000 in available credit on his credit cards. Now whenever he needs cash for a day trade he writes a check. He doesn't have to fill out an application or qualify. As a card member, all he has to do is use the funds that the bank has made available to him.

You can also request to have your current credit limits increased. To raise the credit limit on a card, just call the credit card company and request a credit limit increase. If they ask why, tell them you are expecting to spend more using the card. Telling them you are going to use it for business expenses. If you have a \$5,000 credit limit, ask them to raise

it to \$10,000. If you have a \$10,000 credit limit, then ask for a \$25,000 or more credit limit. They might give it to you right away, or they might check your credit. Keep your credit good, and you won't have any problem. Only do this on two to three cards a month because too many inquiries on your credit report will lower your score.

Also, apply for some of the credit card offers that come in the mail or search the Internet for the best deals. Some come with no annual fee, long grace periods, and low interest. I like to use the rewards cards best because I get frequent flyer miles. That's very important given the high cost of air travel these days. Some cards offer 5 percent cash back and no interest introductory offers.

If you don't have good credit, you can find a friend or relative that has cash or credit cards or has good credit to apply for the credit cards for your use.

Always pay them back the same day or within 24 hours.

## **Borrow on Your Life Insurance**

If you own a life insurance policy that you've been paying on for many years, you can get a loan within days for up to 100 percent of the cash surrender value. And the rates are very low. Just be sure to pay it back and never put it at risk.

## **Borrow on Your Home**

If you have equity in your home, arrange for a home equity line of credit. A home equity line of credit or HELOC is great because you get approved, close the loan and the money is ready for your use. When you have a deal you simply use one of the checks or debit cards they give you. The good news is you do not pay interest unless you use the money. I have a HELOC with a \$935,000 line at prime minus  $\frac{1}{4}$ , which is a great rate. This is the cheapest money you can get.

## **Use Your Self-Directed IRA**

Yes, you can use your IRA and other retirement account to fund your deals, but there are some restrictions on this. First, you have to have

a self-directed retirement account from a custodian like Equity Trust, Camaplan or Quest IRA. I have had an account with all of them for years. They are all great to work with and very well-known among real estate investors. Once you set up an account and either transfer an existing IRA to them or fund a new one, you can then start using the money in the IRA to buy properties.

Remember that when buying real estate with your self-directed IRA, you cannot have a mortgage on it unless it is a non-recourse loan. These can be difficult to get, so here is how we use our IRA to buy property. You can use it when day trading a property that requires all cash.

Simply make your offers in the name of the retirement account such as “Equity Trust FBO (for the Benefit of) Your Name” as the buyer. In fact, the custodian will show you what to do. Then your IRA will send the funds to the closing agent. And when you sell the house the same day



## Warning!

Don't go to your brokerage firm and try to get them to do this. They'll tell you that it's impossible. They will carefully explain that they know everything about self-directed IRAs because they handle them for many of their clients. And they'll say they've never heard of anyone ever using a self-directed IRA to buy real estate. They might even claim it's illegal. Don't listen to them. They do not do it because they are not set up to handle the accounting for real estate assets but it is perfectly legal. You can google it to find out more or visit one of the custodians I previously mentioned.

What they don't tell you is that they have carefully designed their IRAs to include only the investments, mutual funds, stocks, bonds, CDs, and money market funds they offer. What they offer are not true self-directed IRAs. The rules governing self-directed IRAs are much broader than they would lead you to believe. Have your self-directed IRA transferred to a custodian who knows and understands buying and selling real estate through a self-directed IRA.

to another investor and collect your fee, it goes right back into your IRA. If you have a traditional IRA, this transaction will be tax deferred, and if you have a Roth IRA, it will be totally tax free. You can use it when buying with an option if you only have a small amount of money in your IRA. More about options later.

If you are buying a property you can assign, you can buy it in the name of your IRA and then assign the contract to another investor. The money you used for a deposit comes from the IRA, and the money you make when you assign it goes back into your IRA as well. This is a great way to take a small amount of money and build it to a large IRA account. As you start buying and selling more and more houses, I would suggest that for every five to ten houses you day trade, you buy one in your IRA. This is very easy to do.

Another good idea that I have used as well is to find another investor who also has a self-directed IRA and loan each other money at a good rate of return; then, it's like getting the same rate of return on your IRA or borrowing the money for *free*.

You could fund your kid's college and prepare for retirement as well: Once you get going in your day-trading business, you could open an Education Savings Account (ESA) for your kids, a SIMPLE IRA for your business, and even the new solo 401(k) or Health Savings Account (HSA) for health care. If your children are old enough, you could put them on the payroll and fund an IRA for them. See your CPA for more information on this.

## **Sell Personal Possessions on eBay or Craigslist**

Do you own a second car, truck, boat, motorcycle, mobile home, or summer home? Raise cash by selling it through Craigslist or on eBay. Tap into all your accumulated possessions that are nonessential: an extra TV, computer, music system, sports equipment, fishing gear, golf clubs, camping, hunting gear, books, CDs, furniture, coins and jewelry. Put it all up for sale if you're not using it. Add all the proceeds into your fund. You can replace these items with new ones once you start day trading two to three properties a month and earning multiple \$5,000-plus pay-days.

Selling things on Craigslist or eBay is easy and fast. And you get much more money than you would if you tried to sell to pawnshops, at flea markets, in classified ads, or in yard sales. My wife sells literally anything on eBay, and she only works a few hours a week. She makes more money than she did when she was a schoolteacher. She started out selling things around the house we no longer were using.

Now she goes to yard sales and buys things to resell on eBay at a profit. Be sure to put all the proceeds into a special account for saving money to fund your deals. Keep at it, and it won't be long until you are just a few sales away from having enough money to make deposits and day trade houses.

Soon, you'll have the cash to do assignment and option deals.

## **Peer-to-Peer Lending and Crowdfunding Sites**

Peer-to-peer lending are financial transactions occurring directly between individuals or "peers" without the intermediation of a traditional financial institution. When you look at it carefully, you will realize that this is how lending was done centuries ago, before banks emerged and became the norm: communities borrowed and invested directly in their members. The Internet has now made this concept available to virtually anyone, offering an opportunity for borrowers to get better rates, and investors to earn better returns. There are websites that match people up for this. You can borrow up to \$25,000 on each loan you make depending on the website.

Lenders on these sites decide whether to lend to an individual, based on the borrower's credit score and amount of current debt. But these sites are different from banks because the decision is based on personal factors that bankers usually don't consider. For example, if you have a compelling reason for requesting the loan, it could carry weight with some lenders.

Also sharing a hobby in common will sway certain lenders to take a chance on lending to you. You get a chance to tell your story and get people to understand your situation. In fact, some of the website allow you to join specific groups of people which helps your chances of getting

a loan. For example, you may be a school teacher and if you join a group of school teachers you will have a better chance of getting a loan.

Once you explain what you do and that you are not only not going to spend the money, but instead, return it to your checking account the same day, many lenders will be impressed and feel secure lending to you. These loans are reported to the credit bureaus and will show up on your credit report. The rates can vary depending on your credit and what you plan to do with the loan. They usually grade you based on your application. But remember, in day trading, the cost of funds is not the issue, the availability of funds is much more important. And peer-to-peer sites offer you a ready source of fast cash.

Crowdfunding is based on the same concept, but it is more geared to investing in a new venture or a business. It originated to help communities, political campaigns and disaster relief projects. More recently it has been used by entrepreneurs or artists.

There are also real-estate-specific peer-to-peer and crowdfunding websites. These sites help investors to raise money to do their real estate deals. Depending on the amount of money you need, you may want to start with the ones that work with real estate investors.

Below is a list of the most popular peer-to-peer and crowdfunding websites both generic and real-estate-specific:

- **[www.prosper.com](http://www.prosper.com)**
- **[www.lendingclub.com](http://www.lendingclub.com)**
- **[www.zopa.com](http://www.zopa.com)**
- **[www.kickstarter.com](http://www.kickstarter.com)**
- **[www.gofundme.com](http://www.gofundme.com)**
- **[www.indiegogo.com](http://www.indiegogo.com)**
- **[www.peerstreet.com](http://www.peerstreet.com)**
- **[www.real-crowd.com](http://www.real-crowd.com)**
- **[www.realtymogul.com](http://www.realtymogul.com)**
- **[www.realtyshares.com](http://www.realtyshares.com)**
- **[www.acquirerealestate.com](http://www.acquirerealestate.com)**

- [www.lendinghome.com](http://www.lendinghome.com)
- [www.roffstock.com](http://www.roffstock.com)
- [www.patchofland.com](http://www.patchofland.com)
- [www.fundthatflip.com](http://www.fundthatflip.com)
- [www.1031crowdfunding.com](http://www.1031crowdfunding.com)
- [www.crowdstreet.com](http://www.crowdstreet.com)
- [www.earlyshares.com](http://www.earlyshares.com)

## Microlending and Small Business Loans Online

**Small Business Loans:** Fund your deals with a small business loan. Business loans can be much easier to get than personal loans, and they are obtainable even if your credit is weak. In addition, interest rates are lower, the bank requires you to pay off the loan less frequently, the loans are easier to renew, and business loans receive more favored treatment at the bank.

The reason is that business loans are generally less risky than personal loans. When someone borrows money for personal reasons, he or she usually spends the money. The money is gone and must be repaid from personal income. Business loans are much different. The proceeds are invested in the business to produce income and make a profit. The income is then used to repay the loan with interest.

Short-term business loans are the easiest and fastest to get. The bigger the amount and the longer the term, the more cautious the bank becomes. They want to be your lender, not your partner. For this reason, you will find it much easier to obtain a short-term loan for your business. You must have a business, a corporation, LLC, or S-Corp. These are easy to form.

**Microlending:** Microlending organizations are a great source for very small companies that have been turned down by banks. Many commercial banks will not make commercial loans under \$50,000. Generally, they are unwilling to take the risk of investing in very small start-up businesses and avoid loans that are not fully secured by collateral.

Micro lending was created to fill this gap. A micro loan is \$25,000 or less made to a company with five or fewer employees. The industry average micro loan is \$12,000. There are 600 to 700 micro lenders currently in operation in the United States. Most get their funding from federal, state, and local grants; along with donations from private philanthropy, including religious, minority, and women's groups.

There are many companies that offer micro lending and small business loans online in minutes. Some can be closed in just a few days. I have seen loan amounts anywhere from \$2,000 to as much as \$500,000 and anywhere in between. Some lines of credit are just that. An unsecured line of credit. Some, however, are tied to a credit card. Some even get you approved for multiple credit cards, which is the way they can get large lines. There are a lot of them, and you can simply Google the keywords "unsecured business line of credit." Below is a list of the most popular right now. Be sure to add these to your bookmarks under the category of Real Estate Funding:

- [www.kabbage.com](http://www.kabbage.com)
- [www.lendio.com](http://www.lendio.com)
- [www.lendingclub.com](http://www.lendingclub.com)
- [www.mybusinessloan.com](http://www.mybusinessloan.com)
- [www.torro.com](http://www.torro.com)
- [www.foundation.com](http://www.foundation.com)
- [www.accion.com](http://www.accion.com)
- [www.rapidadvance.com](http://www.rapidadvance.com)
- [www.ondeck.com](http://www.ondeck.com)

## Real Estate Day Funding

Instead of looking for private lenders, look for what I call *day funders*. In day funding, you only need a small amount of money, about \$50,000, to complete most of your day trades.

You could offer your day funder an overnight interest rate of 1 percent. On \$50,000, that would be \$500 that is fully backed by a mortgage

on the property until paid in full the same day. What could be easier and more profitable for an investor? I can tell you there are many private investors who would love to day fund this deal.

Private investors usually lend money at 12 percent per year. If they lend \$50,000, they would make \$500 in interest a month. But you are offering them \$500 to borrow \$50,000 for 24 hours. And you are going to do three to four deals a month.

And there's much less risk. Day funders have complete control of their money 29 days out of the month. At the end of the day, the money is safely back in the day funder's account earning interest. The day funders funds held in escrow are refundable if the deal doesn't close. The investor has peace of mind knowing that his or her money is always under the control of the closing agent.

You can easily cover the cost of this day funder fee by accounting for the \$500 cost of funding in your instant property analysis, and thereby lowering your maximum allowable bid on the property by \$500. After closing, you'll collect \$5,500 and give \$500 to the lender, keeping \$5,000 for yourself.

If you can't find day funders to make you 24-hour loans for \$500, then you could offer them \$1,000, \$2000, or even half of your profit if you have to in order to get the deal closed. I would rather have a little of something than all of nothing.

There are many people with money who would like to lend it out at an excellent rate of return. They basically fall into two classes: the sophisticated investor and the unsophisticated saver.

I call the sophisticated investors, *angels*. They have a long track record of investing in small start-up companies and commercial and residential real estate. Some specialize in single-family houses. They usually participate as private lenders. The kind of deal you are offering them is very appealing.

You won't have to explain or convince them to get into the deal. They'll either do it or they won't. It depends mostly on the kinds of deals they want to do.

Savers are a different brand altogether. They are used to savings accounts, certificates of deposit (CDs), mutual funds, money market funds, and the like. Most have 401(k)s and IRAs and are used to the investments being pushed on them by banks and brokerages. If they are new to real estate, it may take a little more explaining and hand-holding to deal with them.

How do you find money? A lot of people suggest having seminars and luncheons to find money. I do not think you need to do this to find a day funder. It's too complicated and time consuming. You have to get your priorities straight. Are you looking for houses or are you looking for money? You really want to be looking for houses. You want to go the fastest, cheapest, quickest way to get the funds to close your deal, so that you can concentrate on buying property to get your day trading machine up and running.

Finding and dealing with "angels" is the easiest and fastest way to get your day funding. Most angels operate through business associates and friends and invest close to where they live. The easiest way and least costly way to find a lender is to network.

Start publicizing your day funding deals at your local Real Estate Investors Association events. Go in and find out who the players are, who is buying and selling property, and ask all of them to tell you about the individuals with money to lend. Make a flyer describing your types of deals and give it to everyone who's interested.

The neat thing about dealing with angels is that you do not have to be concerned about being self-employed, what your debt ratio is, your credit or your experience, because the investor is basically investing their money in the property itself with you standing behind the deal. Because angels tend to congregate in the same social and business circles, once you have two or three individuals day funding your deals and getting a good return on their funds, these angel investors will tell their friends. It won't be long before you have other angels contact you about loaning out their money to you for a day at a time, at a good rate of return.

To attract private money in the beginning, you are going to need a credibility kit or at least some information on who you are, what you have done, where you have bought and sold property. Especially show

how much the day funder made on each deal. If you have not done that, you need to team up with somebody and get a couple of deals under your belt so you can build your credibility kit quickly. You want to be able to prove to them that you can keep their money safe while earning a good rate of return.

If you don't find a day funder in your local real estate group, then you should network to other business groups. Hundreds of people with money to lend are in your local area and are always on the lookout for a good opportunity. They don't all belong to your real estate association.

Networking in your community has two stages. The first stage is to attend events sponsored by various business groups, the Chamber of Commerce, Rotary Club, Kiwanis, Optimist Club, Jaycees, and so on. Investment clubs are also good places to meet potential lenders. Be sure to attend events that allow you to mix and mingle with other guests so that you can make new contacts. Avoid events that feature speakers but do not allow you to meet people and expand your network. You can also use this opportunity to network for buyers and sellers to add to your database.

Pay special attention to the events put on by the many entrepreneur groups that are springing up across the country. These kinds of groups are usually very keen on networking, and many of the guests are suppliers of capital. Your goal in attending these events is strictly business. You're attending to make contact with individuals who can lend money to your company or who know someone who can lend money to fund your deals. People like bankers, attorneys, accountants, management consultants, financial planners, Realtors, and insurance brokers are very good contacts because they often know when one of their clients is looking for a place to invest some money. Once you've broken the ice at a business mixer, it won't be hard to get appointments to present your deal to some viable prospects. You can find many networking meetings online at **Meetup.com**.

Also, do some non-business-related networking. Churches and clubs are also a great place to look for lenders. Going to the same church, belonging to the same club, or living in the same neighborhood gives you

something in common. Many of the people you see every day have some cash or a portfolio that they would like to get a better rate of return on.

One of the best and quickest ways I know of to get funding is this: Every time you meet someone new or see someone (even at the gas pumps or in the store or elevator, etc.) ask them what they do for a living. After they reply (e.g., “I’m an engineer”), they will always ask you what you do for a living. That’s your cue to say, “I help engineers become wealthy investing in real estate.” Then this opens the door for you to tell them about what you do and how they can invest passively with you and earn a good rate of return.

A lot of people like to invest their own IRA money. If they are willing to get a self-directed IRA at a company as previously mentioned, they can invest their money with you, loaning it out for a day at a time, and get a fabulous rate of return, much greater than the amount they are getting with the stock market or mutual funds.

## **How to Get the Names of Angel Investors in Your Area**

One of the easiest ways to find private lenders fast, and not a lot of people will tell you this, is to ask around your real estate club and find the names of investors who are using private lenders.

Once you find out the names of other investors who use private money for their deals, you simply get their company name. Now all you have to do is search the courthouse records for properties they have purchased using their private lender. Their lender’s name is right on the mortgage or deed of trust. Then you can contact them to see if they would like to also become one of your day funders since they are already making loans on investment property.

## **Consider Partners Carefully**

Real estate day funders are not partners. Silent partners usually get 50 percent of the profits for putting up 100 percent of the money. In day funding, you don’t need long-term money. And you don’t need partners except as a last resort.

They take too much of the profits for what they offer. All you need is money for 24 hours to close the deal. You don't need a partner involved in your business. If you are going to have a partner, make sure that your partner has something unique to contribute to the partnership other than just money. If all they have is money, just pay them for the use of it.

## CHAPTER 8

# Assemble Your Virtual Dream Team

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**D**ay trading houses depends on pinpoint timing. Once your motivated sellers sign a contract with you to sell their house for cash, you need to move fast.

As mentioned previously, you must have a database of motivated buyers and the funding to do an all-cash close. Unless, of course, you use one of the “no money needed” ways I will describe later.



## Go Look at the Property

Before you announce it to your buyers list, to close this deal fast and make your payday, you need someone to go look at the property to determine the condition and start the marketing. This can be you or someone you hire to go look at it. If you are buying outside of your area, you can find someone to do this for you. If you are buying in your own local market, I always recommend going to look at the property yourself, but if you are buying long distance you will need to find someone to do this for you. You need someone that can go take pictures of the house and let

you know of any potential repairs needed. Whoever does this needs to take pictures of every room, any repair areas, all four sides of the house, any additional buildings on the property and a street view both ways.

You could even have a list of every item in the house and fill it out so you will know about everything in the house and what kind of repairs are needed. For example, when you go into the kitchen, you can have on your list every item in the kitchen and whoever is looking at the house can let you know everything in the kitchen that needs to be repaired.

## BONUS!

I have already prepared **an item list** for you! All you have to do is go to **[www.RealEstateDayTrading.com/Bonuses](http://www.RealEstateDayTrading.com/Bonuses)** and download it for free.

## Putting Out Your For Sale Signs

In addition to going to the property and taking pictures, you will also need to put about 20 for sale signs all around the neighborhood. The signs I use are very simple. They say “FORECLOSURE” and have a place to write in the price and it already has the phone number pre-printed on it. These are great signs. When someone sees a sign in an area where houses sell for \$80,000 to \$100,000, for example, but they see your “foreclosure” sign that says \$60,000, they know it’s a good deal. You will sell a lot of your houses to people from these signs. In fact, you will get cash buyers looking for a house to live in or purchase for their son, daughter or grandchild. It happens all the time. It also helps you to build your buyers list. We put them all over the neighborhood as well as at intersections, in front of convenient stores, CVS, Walgreens, Walmart and other high traffic areas. The only place you will not put them, unless you are buying directly from an individual and you have permission, is in the yard of the house you are buying. This is because when you are buying a house through a Realtor, you can’t market that specific house until you own it, but we want to start marketing right away.

I get my signs from **banditsigns.com**. I have been working with them for years. You can simply call them and tell them you want the Larry Goins “Foreclosure” sign and they will know what you want.

To find someone to go look at the property and put out signs for you, you can use several sources. First, you could go on Craigslist and run an ad under the gigs section. You could simply state that you need someone to go look at and take pictures of a house for you. You can use other sources as well, such as **wegolook.com** and **BPOphotoflow.com**. You can also ask a local Realtor or contractor to do it for you. I have had them do it many times. You can also search online for property preservation companies or field service reps. These companies do things like this for asset managers that banks hire to look after their foreclosures. Expect to pay about \$25-\$50 to get pictures and have the signs put out. It is a cost of doing business, but well worth it.

## Choosing an Investor-Friendly Title Company or Attorney

In some states, you will use a title company, and in others, you will use an attorney to close your transaction. Any local Realtor can tell you which one to use. Title companies and attorneys play an important role. They make sure that the real estate transactions are handled efficiently and accurately. Once you sign a contract, you have the right to request any title company or attorney you want to handle your closing. They hold earnest money in an escrow account until the final settlement and make sure the seller whose name is on the contract is the legal owner. They identify all the liens, mortgages, judgments, restrictions, easements, status of property taxes, and public assessments that must be satisfied before clear title can be conveyed to the buyer.

They keep in close contact with Realtors, attorneys, and funding sources to assemble all the documents needed to close. They compile all the charges, miscellaneous closing fees and other closing costs into a final settlement statement. They will inform the buyer of the amount of money to bring to the closing. They require certified funds, or you can wire the money into their escrow account. The title company or

attorney collects all funds necessary for the disbursement of funds to the parties involved. After closing, they will file the legal documents and make sure all outstanding liens have been paid.

In day trading, it is very important that your title company or attorney is comfortable with creative financing such as options, flex options, assignments, and simultaneous closings. And always make sure that you get title insurance. Even if you will only own the property for 30 minutes.

You should find a title company or attorney who is familiar with working with investors. One that is used to handling day trading transactions. I could tell you to do an online search, but the best way to find a good one is to get a referral. The first thing you can do is ask your Realtor if you know one or are working with one on your first transaction. It is better to have a warm introduction than to cold call them about handling your transaction. The second thing you can do is ask a few local investors. You can ask them at the local investors association meeting or on a local Facebook group or at a Meetup meeting. It is a very good sign if they are recommended by other real estate investors or are themselves members of your local real estate association.

That means that they have several full-time, professional real estate investors as clients. And it's great if they invest in real estate themselves. When you hire an attorney or title company, you don't even have to show up at the closing. I know that many of you have never used an attorney or title company in your life. But you will get used to it. Once you get started in day trading, they will be a big part of your life. You can't wait until the last minute to find an attorney. There is no need to look for attorneys or title companies before you have an upcoming closing. They do not want to waste their time talking to you about working with them if you do not have a deal they can work on.

So here is how you do it: When calling an attorney or title company, after you get your first property under contract to buy, you let them know who you were referred by and why you are calling. You tell them you have an upcoming closing where you are buying and selling a property the same day and you would like for them to handle the transaction. You also want to ask them if they have handled many of these kinds of

transactions in the past. If they have, that is a good sign. Then you let them know that you want to “try” them out on this transaction to see how well you work together and if it is a good fit and if so, then you will be sending them more business. When you tell them this, they will work hard to earn your business. Just make sure you are talking to the owner or a manager so they will tell their staff to make sure they keep you happy.



# Structure Buying and Selling Contracts to Make Your Deals Risk-Free

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**N**o matter who you're dealing with or what they promise, you don't have anything until you have signatures in ink on paper.

A contract is really the only thing that ensures that your sellers and buyers do what they say they will do. Real estate contracts come in all shapes and sizes and use differing language that basically describes the same thing—an exchange of property between a seller and a buyer. Though these contracts are similar, a few carefully placed clauses can make a huge difference to your day-trading business. In this chapter, I explain the basic contracts used while day trading houses. And I explain the contracts you should use when you are selling to your buyers/investors.



## Contracts for Buying through Realtors

When making an offer on a property through a Realtor, the Realtor will provide a standard form. They use forms that were approved by the state's Association of Realtors. Realtors expect you to use their form. If you come up with a contract of your own and try to get your Realtor to use it, it will make you look bad and raise a lot of red flags. If you want

to deal with Realtors, you've got to use their forms, especially when buying bank-owned properties, as many banks have their own addendums that are required to be signed by the buyer.

## Contracts for Buying from Owners/Sellers

If you are buying from an owner/seller, you can still use the standard contract that Realtors in your state use. Realtors throughout the state have fought tooth and nail about the provisions in these contracts and have considered all the issues. The contract they use is well thought out and very professional. You might as well use it for your closings.

Some real estate experts teach their students to use a simple one-page agreement for owners/sellers because the contract is legal and covers all the bases. They reason that because it is a legal contract read and signed voluntarily by the seller, it will hold up in court. But from a practical standpoint, if you write a simple contract with clauses that favor you, it could be a problem in court.

If you end up being sued over a contract in court, the first thing the judge will ask is, "Who drafted this document?" And if you wrote the contract yourself, it won't look good in the eyes of the court. And the court might question your intentions in not using the standard state contract.

You also want your sellers to be comfortable with the form they are signing. If you write up your own contract, they might question it and feel insecure about signing it. However, if you use the standard form that every Realtor in your area uses, you can tell them it's a standard form. If they check with their attorney and you are using the Realtor-approved form, then the attorney will confirm, "this is the same form that every Realtor in the state uses." This gives sellers a great degree of comfort that they won't get from custom-made agreements.

I believe firmly in full disclosure. For example, in the standard agreement that I use and that most Realtors use, a reference is made to assignments, which explains that any assignment must be agreed on by both parties in a separate agreement. You can use an assignment when you are dealing with sellers/owners.

An assignment gives you permission to assign the rights to buy the property at a certain specified price to another party. In some cases, you will want the right to assign the purchase of the house to your buyer/investor directly without closing on the house yourself. This will save you the cost of a second closing.

If you present this clearly to sellers, most will understand and accept your assignment provisions. What difference does it make to a seller who is actually closing on the property as long as the conditions in the contract are met? More about assignments later.

To find a copy of the standard contract that Realtors in your state use, you can get online and go to Google and type in the words “Realtor contract your state” or “real estate contract your state” or “real estate purchase agreement your state.” You can also do an advanced search on Google by selecting only PDF files in your search. This way you will only get search results that are PDF files. This will help you find what you are looking for much faster. You could also ask one of your Realtors for a copy.

## **Clauses in Contracts to Buy Properties**

There are numerous clauses that you can use in a contract when buying. However, I suggest that you keep it simple. If you use the state’s Realtors Association approved contract, then they have pretty much thought of everything anyway.

You need to make offers fast and with utmost confidence. To make offers confidently without ever seeing the property, you must have clauses in your contracts that make it easy for you to break the contracts if you wish, without any repercussions or financial loss. You don’t want to overburden your contracts with too many clauses.

Sellers will notice and might refuse your contract. Here are some valuable clauses that will benefit you enormously and that most sellers will never have a problem with.

The main thing you want to do is to ask for a 15-day inspection period in your contract. Pretty much every Realtor contract has a place for an inspection period or due diligence period. Fifteen days should be

enough time for you to do all your due diligence. We will talk more later about what to do if you need more time.

## **One Clause That You Do Not Need**

One clause that Realtors and sellers hate is a financing contingency. Because you have your own cash or source of cash from your own credit or day trading funder, you don't need a financing contingency. When Realtors see this, they light up and get really happy. It means that a big payday for them is not far off. You have the funds. And all you're asking for is some time to inspect the property. This is a very reasonable request.

And because you're not asking for a financing contingency, you are acting like a cash buyer should be acting. It creates a very good impression. You will get a lot more of your offers accepted, approved, and closed if you do not put any sort of financing contingency in your offer.

## **Getting Extensions from Your Seller**

Now that we have a 15-day inspection period, we have three goals during this time frame. First, we want to get as many pictures of the property that we can. Second, we want to market the property as hard as we can. And third, we want to have a buyer that signs a contract before the 15 days are up. This way, if our 15 days are almost up and we haven't found a buyer, we can then ask the seller or Realtor for an extension of the due-diligence period. This is different than just asking for more time to close.

If we can't find a buyer and have to back out of the contract, as long as we back out during the due-diligence period, we will get our deposit back. This is why I always want to extend the due-diligence period and not just extend the closing date.

Now you aren't going to tell the seller or Realtor that you don't have a buyer yet so you need an extension on the due diligence period, but you can tell them you are not finished with your due diligence.

## Contracts for Selling

When selling, whether to an investor or someone who will be living in the property, you will want to use your own contract and make sure your buyer/investor does his or her own due diligence. Or at least you cover yourself by telling them in writing to do so.

When you're dealing with buyers/investors, you want to offer your properties at a specific listed price that is nonnegotiable. You have no room in your instant property analysis to accommodate a reduction in price. When someone submits an offer on one of your houses, ask for an earnest deposit with the contract and addendums. I usually ask for \$500 to \$2,000, depending on the price of the house.

I always ask for twice the amount of the deposit that I paid. If I paid a \$500 deposit to the seller, I ask my buyer for \$1,000. Then if the deal falls through because my buyer backs out at the last minute, I have at least doubled my deposit money.

### BONUS!

My sales agreement is nothing like the standard sales agreement used by Realtors. Our attorney designed this contract specifically for our purposes while day trading houses. It has many clauses in it to protect me and well advises the buyer that I do not know much about the house and they are buying as is where is and need to do their own due diligence. To get a copy of my **day-trading contract package**, all you need to do is go to **[www.RealEstateDayTrading.com/Bonuses](http://www.RealEstateDayTrading.com/Bonuses)**.

Don't use our contract verbatim. Use it as a guide to preparing your own. Have your attorney look it over and modify it for your needs, according to the laws within your state.

Once you edit it the way you want, you will want to create a PDF version so if you put it on your website or e-mail it to a potential buyer they cannot edit it.

You could also use a digital signing software like DocuSign, Right Signature, Panda Doc or eSign Live, to name a few. This way your buyer can sign digitally and you never even have to meet them. It is also much faster. You simply set up the software (most of them are web based), set up your document, and email it to them. The buyer digitally signs it, and you get it back right away. It is legal and binding just as if it was printed and signed with a pen.

# Negotiation Scripts and Tips for Getting Your Offers Accepted

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**N**ow you have everything in place to start making offers. You've got your database of motivated buyers and seller. You've got your funding and the contracts you need to make offers. You just have to start doing it.

Remember, your goal is to make as many offers as you can that match your numbers. You know from your instant property analysis the most you can pay. You cannot exceed that amount. If you stay below the maximum amount, you can make offers confidently knowing that you will make money. Don't worry about any particular offer. It is merely a numbers game. Some offers will go through, some will be rejected.



The question now is how do you negotiate those deals. What do you say to owners/sellers? What do you say to listing agents? Remember, deals are made, not found. You have to make your own deals. You do this by building rapport, getting people to like and trust you. When you become a real estate day trader, you will encounter all kinds of people in many different financial circumstances. But remember this: Bad things sometimes happen to good people. No matter what a person's situation, do not ever talk down to them or treat them like you are better than they are. People

will forget what you said and they will forget what you did, but they will never forget how you made them feel. Please remember this.

## What to Say on Your First Phone Call to Owners/Sellers

Before you talk to any owners/sellers, be sure you have composed a script. Then become familiar and comfortable with it. Compose the script according to the guidelines I provide for you here. Keep this script in front of you always, especially when you're new at this business. Once you become very familiar with all the information in the script, then you can start asking the questions without having to look at the script.

You have to match the emotional attitude of the people you talk to. If they are relaxed and talk slow, then you talk slow. If they are excited and talk fast, then you talk fast. And remember you want to get your offer to them on the first phone call to get them "in the glue." That means they are excited to deal with you because you are serious enough to actually make an offer, not just talk.

Here are 12 steps you should include when developing your script:

### **1. Introduce yourself.**

The first thing you must do is introduce yourself and tell them why you are calling. Your goal then is to find out if the house is something you want to make an offer on and how much to offer. Always let the sellers try to sell you on their house. You want to get the sellers to start describing their house to you. Example:

"Hi. This is Larry Goins. I'm returning your phone call. You called me about a home that you have for sale. Could you tell me a little bit about it?"

### **2. Get contact information.**

"Before we continue talking, could I get your contact information in case we get disconnected? What is your name, address, e-mail address, and best phone number?"

Also ask for the following information when you have a chance:

“Do you have a spouse? What’s your spouse’s name?”

“May we call you at work? What’s the best time to call?”

**3. Ask about the house.**

“What type of house is it—brick, wood frame, or stucco? When was it built? How many bedrooms, how many baths? What is the square footage?”

“What is the tax value? Are there any recent improvements? ”

Now you will know a lot of this by simply googling the address and going to a site like Zillow, but you still want to ask to get their responses.

**4. Ask about needed repairs.**

These questions are the most important questions because they will enable you to do your instant property analysis.

“What kinds of repairs are needed? What about updates?”

“What is the approximate cost of the needed repairs and updates? Just a ballpark.”

“What would the house sell for, assuming the repairs were made? Just a ballpark. How did you come up with that number?”

**5. Ask about financing.**

“What is the amount of the first mortgage? How far behind are you?”

“Is there a second mortgage? If so, what is the amount of the second mortgage? How far behind are you?”

“Are you in foreclosure? When is the foreclosure date? Are there any other liens?”

**6. Find out about ownership.**

“Whose name is the house listed in? Is there anyone else making decisions? If so, who?”

**7. Set yourself up to make an offer.**

These questions tend to amplify the sellers need to sell and excite their motivation to sell. This makes them more open to an offer from you, even if it is low. Don't ask these all at once. Just work them into your conversation.

“Why are you selling? What will you do if you don't sell? How quickly do you want to sell? What else should I be asking?”

“Are there any other problems with the house? What will you do with the money? Do you have any other property to sell?”

“How long has it been for sale? Have you had any offers? If so, how much? Why didn't you take it? Is it listed with Realtor? If so, how much?”

“Is it vacant? How long? Rented? Rent amount? Tenants current?”

**8. Start negotiating the deal.**

Be sure to ask this question with a strong yet friendly voice.

“What is the least amount you can take if we close by Friday with all cash?”

The goal is to go ahead and get a small price drop up front. Now, whatever number they tell you is the new price that you are negotiating from. The original price is gone and no longer comes up.

**9. Persist and ask them for an amount another time.**

Your seller may not be able to give you an amount now. If they can't, then follow up later.

**10. Explain who you are and how you work.**

“Let me tell you a little about what we do. We buy houses, we pay cash, and we can close fast. The advantage of selling your home to someone like us, whether to me or any other investor, is that we can close fast and we pay all cash. If you need to sell now and sell the property in its ‘as is’ condition, we can help you. What is the least amount you can take for your house if we can close fast and pay cash?”

**11. Continue with the following, and give them an offer.**

You want to try to get them to give you an offer first. But if they can't come up with a number, then you make an offer based on your instant property analysis.

“In order to pay cash and close in about a week, we need to be able to buy a house around 60 to 65 percent of the market value. This is because when we buy a house we have to pay the taxes, insurance, upkeep, rehab costs, interest, and so on, we have to advertise it and show it, and it usually takes six to twelve months to sell. We are looking for the same buyer that you are looking for, only we are willing to get the house in tip-top shape and wait six to twelve months to find that buyer.”

“Based on what you told me about your house, we would probably need that to be around \$32,867.”

(Remember to select a price that allows room for negotiation, roughly about 15 percent below your maximum allowable price.)

“Is that something that you think you could work with?”

(The answer will always be no.) Then ask,  
“How close could you come?”

### **12. Prepare the purchase and sale agreement.**

If you are dealing with owners/sellers, once they agree to a price that is below your maximum allowable price, make a nominal earnest money deposit of \$10, \$100 or \$500 max.

## **What to Say on Your First Phone Call to Listing Agents**

Before you talk to any Realtors, be sure you have composed a script for talking to them. Then become familiar and comfortable with it. Compose the script according to the guidelines I provide for you here in these steps:

### **1. Get connected to the listing agent.**

“Hi, this is Larry, Larry Goins. Is (Listing Agent Name) around? Great!” Not there? “Ohhhh, and I don’t have their mobile number with me.”

Then just shut up, and wait a few seconds, and the receptionist will usually give the Realtor’s mobile number to you. This lets them assume you do have it but just not with you. If they ask you why you are calling, simply say, “I am trying to buy a house.” This usually gets them to give you the number if they hesitated before.

### **2. Introduce yourself to the listing agent when you get them on the phone.**

“Hi, my name is Larry Goins, and I am an investor and I saw your listing at (address). Could you tell me a little about it?”

**3. Ask about the property in a conversational manner.**

“Number of bedrooms, number of baths, square feet, age, vacant, bank-owned?”

You may know some of this already from the information online, but still ask it.

**4. Hone in on repair costs and after-appraised market value.**

“How much work does it need? Just a ballpark estimate.”

“How much would it rent for? Just a ballpark estimate.”

“How’s the market there? Would this be a good rental or is it better suited as retail property?”

“What would it appraise for after repairs? Just a ballpark estimate.”

“Could you sell it for that once I fix it up? How long do you think it would be on the market?”

**5. Help the Realtor think about the difficulty he/she is having selling it now in its un-repaired state.**

“Have you had any offers on this house? How long has it been on the market?”

**6. Go in for the close.**

“I know you work for the seller, but I also know that you want to get this house sold and we both know that no one gets paid until it closes. What do you think it would take to buy this house with an all-cash offer? Do you work with many investors?”

“As I mentioned, I’m an investor, and we buy houses and can pay cash and close fast.”

**7. Build your credibility further with this question.**

“If the property is bank-owned, could you ask the asset manager if the bank owns any more properties in the area? I may be interested in buying more than one property for a bigger discount.”

**8. Make your offer.**

This will really boost your credibility with the Realtor.

“Based on what you have told me, it looks like I need to be around \$32,867. Do you think we should make an offer on this house?”

(You have been running your numbers while on the phone, so you know what you can pay. Be sure to make the offer a little less than the maximum you can pay.) If they say yes:

“Let’s make an all-cash offer of \$32,867. Make it subject to a 15-day inspection. Do you need to submit the offer in writing, or do you want to talk to the seller first?”

**9. If in writing, tell them this.**

Since most properties you will be offering on through Realtors are bank-owned, this is what you say.

“Well, we can do that, but the Realtors we work with on a regular basis typically have the kind of relationship with their asset managers where they can simply give them a call or send them an email to let them know they have a cash buyer and ask if they want to put it in writing. Do you have that kind of relationship with your asset manager?”

**10. Ask about the deposit.**

If they still say they need it in writing, here is what you say.

“How much deposit do you need? Just e-mail me the contract, and I will sign it and send you a check.”

Usually when you're dealing with houses listed with a Realtor, you should make an earnest money deposit of about \$500. It might be as low as \$100. But don't deposit any more than \$1,000.

**11. Always ask about other listings they have.**

"Do you have anything else I need to be looking at and make an offer on today?"

**12. Give them your contact information.**

"By the way, do you mind if I get your e-mail address so we can stay in touch and I can buy some more property from you?"

They will always give it to you.

"Thanks a lot, and I look forward to working with you. Have a great day."

If your offer is not accepted (which is what usually happens), then you will have to negotiate back and forth to see if you can seal the deal.

But you have a good start by making an offer on the first phone call. Keep negotiating until you reach an agreement if you can. But never exceed your maximum price. Remember, you will not get them all, and it is a numbers game. The more offers you make, the more that will be accepted.

**13. Keep your name in front of them.**

When presenting a written contract, always put your phone number and contact information in the upper right corner of the contract. Especially if you are making the offer directly with the seller.

They may throw away your business card, but they will always hang on to the offer you made them.

#### 14. Always act like you have the money.

Once you have a good deal, you can easily get funding from one of your day funders, if you don't have the cash or credit to do the deal yourself. And by this time, you have a database of motivated buyers who will be lined up to buy this house from you in one day.

#### BONUS!

If you would like to download the **scripts and list of questions** we use for Sellers and Realtors that you can edit any way you want, you can get them at [www.RealEstateDayTrading.com/Bonuses](http://www.RealEstateDayTrading.com/Bonuses).

## Provide Proof of Funds

Sometimes Realtors who don't know you will ask for proof of funds before they will accept a contract. There are several ways to do this. You can send them a copy of your bank statement if you have the money. If you have built up your lines of credit, like I explained earlier, you'll have the funds to show the Realtor. Be sure to write a check from your credit line to your business bank account as a loan to your company. Then give your business bank statement to the Realtor. You can get a directory of day funding lenders that will give you a free proof of funds letter for your day funding without any application or credit check.

If you are using a private day funder, get a copy of his or her bank statement if you can.

#### BONUS!

If you would like to get a **proof of funds letter** to give to your Realtor for your day funding, go to [www.realestatedaytrading.com/bonuses](http://www.realestatedaytrading.com/bonuses) and click on the tab for day funding.

## Negotiating One-Liners That Work Like a Charm

Next, I want to give you a few negotiating one-liners that you can use while you are talking to people on the phone. Like an attorney, I like to ask questions I know the answer to. That way I can emphasize the point I am trying to make.

First, I like to ask the question, “*Have you had any offers?*” Chances are they have not. If they say, “No,” then I say, “Oh.” Then I stay silent. The silence punctuates the fact that they are having a hard time selling the house and makes them more motivated. And if they have had an offer, I ask them, “*Why did you turn it down?*”

I like to ask questions I know the answer to. For example, if I am talking to someone about a two-bedroom, one-bath, wood frame house built in the 50s, I would ask, “*Does it have a pool?*”

They respond, “No.” I say, “Oh.” I say it like I am disappointed because I expected a pool.

Here is another line. “*I am looking at another house and although I like yours better, the other one makes more sense.*” Now they cannot really argue with you about that, can they? But the bottom line is it lets them know that their price is too high.

Here is another good question I like to ask people: “*What will you do if you don’t sell?*” I like to get their reaction to that, and I always write down their answers. If their answer is, “I guess I’ll rent it out. This may be a good property to buy with seller financing.” You will then have financing in place for your buyer.

An excellent question to ask investors when trying to buy their property is: “*Knowing what you know about this property, would you buy it at this price?*”

This is an awesome question to ask, because it makes them reveal any problems with the property or the real reason they are selling, if they are being honest with you.

## Secrets to Successful Negotiations

### Adopt a Win-Win Attitude

In negotiations, it is important to adopt a win-win attitude. Some negotiators take a combative stance. But I believe firmly that the best negotiators are cooperative rather than combative. The goal is to reach a point where the goals of both the buyer and the seller are met. I've seen some buyers try to move sellers to lower their price by pointing out all the deficiencies in the house. This always backfires. Sellers know they have repair problems in their house. They don't need you reminding them. It always backfires and alienates the seller. It is best to base your pricing on the reality of the marketplace.

There's no need to make derogatory comments about a person's home. Sometimes a seller or agent will use combative tactics on you. What do you do? Always respond in an unemotional way. Keep the interchange on a professional level. Don't stoop to arguing. Don't ignore their statements.

Just listen intently, and let them know you understand what they are saying. Don't however, let them browbeat you. Just listen, and do not accept or reject. Say you'll think it over and get back to them. When you do respond, make it clear that your offer is carefully calculated based on the market and the condition of the house. Let them know that the price has not been chosen arbitrarily.

### Develop and Maintain Trust

Negotiating the sale of a house is a high-anxiety situation to some sellers. Sometimes that clouds people's judgment and makes them behave irrationally. People want to be reasonable and fair-minded. But often sellers are under a lot of pressure to sell the house quickly—especially motivated sellers. Create a personal relationship of trust with the seller. Be respectful and let them know you are aware of their needs. If you show you are acting with integrity, they will be more cooperative with you. This doesn't mean putting all your cards on the table. It just means treating the person with kindness. You can show your respect

by always listening to what the seller has to say. Respond promptly to counteroffers.

Make it clear that you are someone who buys and sells a lot of houses and you have the means to close quickly for all cash. Once you follow the steps outlined to line up your funding, you will be able to say this with confidence.

Listen and understand what the seller has to say. Let sellers know some things about you personally, your hobbies, your favorite sports team or where you went to school.

## **Use Your Power of Leverage**

You have some natural leverage in a situation where you are buying houses from distressed sellers. The leverage in any selling situation depends on what the seller needs. Some are in default and need to move quickly. Others could wait, but are willing to make a move if you offer cash. Find out as much as you can about the seller's needs. Then find solutions for those needs. Offer concessions that solve the sellers' problems and address their needs.

## **Be Patient and Confident**

When it comes to negotiations, the tortoise always beats the hare. Be patient. Allow the negotiation process to unfold naturally. Don't worry about the result, and don't rush headlong to the goal. Just take it a step at a time. And always be confident that you can reach an agreement with the seller.

You always have to be confident and supportive.

## **Always Be Willing to Walk Away**

Don't fall in love with a deal. One deal is not going to make or break you. Remember this. You lose your power in any negotiation if you want the deal too much. Sellers sense it if you come in with an attitude that you really need the deal. They'll resist you and hold out for the highest possible price.

Never give a seller an advantage over you by wanting a deal too much. Also, be willing to give up a deal where there is no deal. Many beginner investors make this mistake. They have invested a lot of time in calling sellers and making offers, and finally they find one who is interested and wants to negotiate. But after a lot of back and forth, the terms are still not acceptable. The price is above your maximum allowable price. Beginners keep trying to make this no-deal into a deal. Deals like this are not worth it. They waste a lot of time and are discouraging to the beginning investor. Always be willing to walk away.

# **Due Diligence: Separating Fact from Opinion—Verify Everything They Told You on the First Phone Call**

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**N**ow you have a deal. The next step is to perform your due diligence. You have 15 days to do this, unless you ask for an extension, which is sometimes necessary. And about 15 days after that, you'll close. If your due diligence validates the assumptions you made in your instant property analysis, then you close on the deal.

If it differs much from the assumptions you made, then you want to renegotiate the deal. If you can't renegotiate, then you pass on this deal. This is the safety factor you need when you make offers on houses. You can make bold offers on houses over the phone without even seeing them. Only after your due diligence do you offer the house to your buyers list.

## **Get Pictures of the House**

As previously mentioned, you will be getting pictures of the house so you can determine its condition. You will need pictures of every room, any repair areas, all mechanical items, all sides of the house, any extra buildings or structures and a street view both ways.

### THE DUE DILIGENCE CHECKLIST

- Get pictures of the house.
- Find out what similar properties in the area have rented for.
- Make sure an inspection form is filled out.
- Order the title search.
- Find out as much as you can about the neighborhood.
- Determine if repair costs are higher than anticipated, or of the after-repair value is lower than anticipated.
- See if the house has any code violations.
- If needed, renegotiate or cancel the contract.
- Find out what similar properties in the area have sold for.

## Inspection Form Filled Out

Also, as previously discussed, you will have whoever takes the pictures fill out the inspection form. This will help you to determine the condition of all items in each room and the exterior as well. They will also be able to note any unusual things about the house that only someone who physically sees it can determine such as un-level floors, sagging roof or rotten wood. This will give you an idea of the number of repairs needed so you will know what to figure into your investment analysis.

## Find Out the Real Deal on the Neighborhood

Before buying, you want to discover as much as you can about the neighborhood. As I said earlier, you want to buy houses in low- to medium-income neighborhoods. You don't want to buy in high crime areas or war zones. Sometimes you can't tell by looking at it that an area is a war zone. To get the real deal on a neighborhood, go to **trulia.com** and

look up the property address. Then scroll down to look at the map on the right side. It should be green. It is a heat map based on the amount of crime in the area. The more red you see, the more crimes have been reported. You want to stay out of the red areas. Especially if the crimes are burglary, theft, drugs and assaults.

## Code Violations

You should also contact the local building inspection or code enforcement department to make sure that there are no code violations on the subject property. If there are, you need to get a list. This is also a good time to ask them for a list of all the properties under code enforcement so that you can try to buy these properties also.

## Sold Comps

As soon as you know how much it will cost to get the home repaired, then you must find out what it will be worth after the repairs are made. There are free online services to give you comparisons, and those are great for your due diligence. After all, we are not getting an appraisal, but we want to have a good idea of what other similar properties have sold for. The first place you should go is to Zillow and type in the address of the property. Then scroll down and look for the “Similar Sales” to find houses that have sold that are like yours. You do not want to look at the “Similar Homes For Sale,” as they have not sold yet, so they would not be a good indication of the after repaired value. You can even look up the value while still on the phone with the seller or Realtor to save time and make a more accurate offer on the first phone call. You also do not want to look at the zestimate, as it is known for being very inaccurate. I have no idea where they get their data but I have never seen it even close. It is usually much higher than the actual value.

If you want to get more detailed information and you don't mind paying a little, you can subscribe to RealQuest. Although they charge, you can get a lot more accurate information as well as property history for the subject and the comps.

## Rent Comps

The next thing you want to do is to find some rent comps. This will help you to sell the house to a landlord if it is a potential rental property. You can look at the rent zestimate on Zillow, but like the value zestimate, it is not very accurate. We like to use a couple of sites: **RentRange** and **RentoMeter**. You can go to their site and simply type in the address to get rent comps.

Another source to get rent comps is to just go to Craigslist and look for other properties that are for rent. This will help you to find out the competition as well as what others are renting for. You could even call on some of them to find out more about the properties that are for rent and how they compare to yours.

## Order the Title Search

After your due diligence and you know you are moving forward, call your title company or attorney (depending on what's used in your state), order a title search, and let them know you will have a closing soon and the date. Your title company can do it in a couple of days. All you want is a title search and to set up a closing.

Your title company will search for every available record or document that relates to present and prior ownership of the property in question with the goal of clearly defining the status of the property title. In layman's terms, we want to be sure that the property being sold truly and completely belongs to the seller and that he or she has the legal right to transfer ownership of the property.

Your title company will search public and court records, property tax records, deeds, mortgages, wills, judgments, divorce decrees, liens, claims, and other legal proceedings or findings. Any defects found in the title to the property will have to be cleared or otherwise dealt with prior to transferring ownership.

But even if title has been searched and cleared prior to the sale, you and your buyer/investor will still need title insurance. Even the most

thorough title search may fail to find certain risks, which due to their nature are “hidden” and not necessarily documented.

If a cloud on the title surfaces later, a title insurance policy will cover you and your buyer/investor for the costs of a legal defense. If the court upholds the claim, the policy will reimburse your buyer/investor for all or part of the actual loss, depending on the value of the policy. Title insurance is a must anytime you buy and sell a property for you and your buyer.

## **Cancel and/or Re-Negotiate The Contract**

Once you complete your due diligence, if the repair costs are above your original estimate or the ARV (after-repaired value) is lower than anticipated, then you may need to renegotiate the contract. This is a great time to go back to the seller to renegotiate a better price.

Please do not take advantage of anyone, but use it as a great negotiating tool when you need it. Just make sure you are doing this within your 15-day inspection period. This way, if they will not negotiate and you need to cancel, at least you get your deposit back.

What you will do is simply send an email to the seller or Realtor letting them know that based on your due diligence, unfortunately you will not be able to pay the agreed price. You are going to have to cancel your contract, unless they will be able to reduce the price.

Then start the negotiation process and try to work out a deal that would benefit both parties. Be gentle, be conciliatory, and keep the dialogue rational.

By having it in writing, even if it is just an email, if you can't renegotiate a better deal, then you have the right to get your deposit back based on the terms of the contract. But don't cancel a contract often. Do it only when necessary or you'll get the reputation of being a flake and Realtors won't want to deal with you.

If you can't renegotiate a deal that suits you, you might want to cancel the deal. But before you cancel, think about all the issues. Consider how much you are paying above the maximum price. If you agreed to pay \$36,965, and the new maximum allowable price is \$38,543, then

your fee will be reduced by \$1,578. In this case, you may want to go ahead with the deal anyway depending on how much profit you had in the deal.

Another thing to consider is your reputation. Let's say this is your first deal and after the due diligence, your fee is reduced by \$3,442. You might think, "Why should I bother?" But you've done most of the work, you won't get your full fee, but you'll get something out of it. And your Realtor will make a commission on the deal, and you'll be a hero in his or her eyes. You'll get a house you made a little on, and the word will spread that you are the real McCoy. In this case, it's still worth it to go through with the deal.

I did a deal just like this a while back where I only made \$1,500 and closed on it just to keep the Realtor happy. I told the Realtor that I would normally back out because of the higher repair cost anticipated, but I wanted to build a long-term business relationship with him, so I was going to close instead. The Realtor understood and appreciated me telling him and closing on the deal. I have done several deals with this Realtor since. Remember that I didn't include closing costs in these figures.

Obviously, if you stand to lose money, and the seller refuses to renegotiate, you'll definitely want to cancel, get your deposit back, and move on to another deal with more room to make money.

When re-negotiating, I always ask for twice the amount of discount that I really need. For example, If I need a \$4,000 discount, I will ask for an \$8,000 discount. I do this because based on my experience, many times they will give you half the amount of discount that you are asking for.

However, sometimes, you will be surprised and get the full amount and you end up making more that you thought you would. Unfortunately, sometimes they will not budge at all and you lose the deal all together.

Remember, you can't make any money if you don't buy any property. The purpose of the letter is not to back out of the deal but to renegotiate a better deal.

# Online Bidding Wars: Create an Insider List of Prequalified, Super-Motivated Buyers Who Can and Will Buy Your Houses in Two Hours or Less

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**N**ow that we have done our due diligence and know the exact dollar amount on repairs and what the property will sell for once fixed up, it is time to sell it fast! The next step is to advertise the house to your buyers list.

## Turn Up the Heat and Create a Buying Frenzy

In this business, you will come to realize that Pareto's law works in real estate day trading just as it does in so many other businesses. The Pareto principle, also known as the 80/20 rule, states that, for many events, 80 percent of the effects come from 20 percent of the causes. It is a common rule of thumb in business that 80 percent of your sales come from 20 percent of your clients.



I've found this to be true in real estate day trading. About 20 percent of my buyers account for about 80 percent of my sales. Once I noticed it, I decided to capitalize on it. I asked, "Why should I spend my time with the 80 percent, when the 20 percent are giving me most of my sales?" Then I wondered, "How can I get more involved with the 20 percent who do most of the buying?" That's when I found out about the *whisper campaign*.

## The Secret of the Whisper Campaign

The whisper campaign is a term and a process that I learned from a real estate salesperson who worked for a company that sold waterfront property. And they sell a lot of it! They create a buying frenzy by using the principle of urgency. People generally procrastinate. Many people wait until the last moment to do anything. Then they get motivated. Anything can cause this: an impending price increase, running out of product, or lots of other people bidding on the same property. In this case, the real estate salesperson created a scenario in which the properties seemed to be scarce.

Limited supply was the motivating factor. The salesperson made it known to everyone that everyone else was buying these properties. The salesperson's line, "Supply is scarce and once we run out of properties, you might be left out." Nobody wants to be left out. Remember, these people are interested in these properties and have been considering buying them. But they have been putting off the decision, as many people do. Now the time has come for them to act. It is a great sales tool.

In real estate day trading, we need to do the same thing. Again, we have buyers who are interested in the properties. They have the means and inclination to make a purchase. Now we use two things to create a buying frenzy: scarcity of time and scarcity of access.

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Create  
a buying  
frenzy  
with scarcity  
of time  
and scarcity  
of access.

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### Scarcity of Time

First you must create a scarcity of time. This is easy to do, and it is believable because it is true. You really are short on time. You've got to sell fast because you only have 30 days before the contract expires. When you advertise your first deal, be sure to mention that the deals go fast and you accept contracts on a first-come-first-served basis. Then stick with it. This is the beauty of having a database filled with motivated buyers. You can contact them all at one time and have them fight to be the first

one to get the contract to you. It's sort of like an auction. In auctions, the heat of competition stimulates people's combative nature. Their need to win at all costs sometimes ends up costing people a lot more than if they bought in a slow deliberate process. Typically houses sold at auction pull more sales at higher prices than houses that are listed.

Keep track of how long your property took to sell (e.g., two hours). Now in this kind of selling environment, a lot of people who made bids lost out. Many other people were thinking of bidding but waited too long, and the house ended up being sold before some could even make an offer.

This is good. Your buyers are learning (1) your houses are selling fast, and (2) you were telling them the truth when you said the house would go fast. After the house is sold, be sure to send an e-mail telling your buyers that the house sold in just two hours (or however many hours it actually took). Even if it took three days, you want to say 72 hours because hours sound better than days. Then everyone will become aware of how fast they have to respond in order to get a contract accepted. This will set the stage for an even greater frenzy the next time you have a house for sale.

## **Scarcity of Access: Create a Two-Hour Head Start Short List**

The next task in managing your whisper campaign is to create a short list that gets only the best-qualified buyers looking at your properties. The whole idea behind it is to get the word out about your newly available properties to a few select, qualified people (before everyone else) to get the properties sold fast. This is your *short list*.

This creates an amazing buying frenzy because everyone then wants to be a part of the short list to get advanced notification of deals. This is an example of creating a sense of urgency by using scarcity of access. Create an upper echelon of special buyers who get to know about your deals first. Send an e-mail to each buyer in your entire database letting them know that you are creating a short list of buyers to contact first

with the next property you have available. You will get a lot of people who want to be included.

## **Make Sure They Are Qualified Before You Click Send**

Another reason I came up with the short list is to make the selling process more efficient. Most investors who get into the business already have a full-time job. If you have a property to sell and you have 100 investors on your buyers list, you can send out 100 e-mails, but then you will be answering 20 to 30 e-mails and calling back 10 to 20 people when you only need one buyer. That's not a good use of your time.

I came up with the idea of the *two-hour head start short list*, to prevent you from wasting your time with unqualified buyers. Think about it. The Realtors make sure a prospect is qualified before they will drive a client around in a car. Why should we be any different from the Realtors? The only difference with my short list is that we don't have to drive them around and buy them lunch. We are going to make sure they are qualified before we even click send.

## **Hard-Money Lenders Prequalify Your Buyers for You**

Make sure to prequalify your buyers. You want to make sure they have the money and credit to be able to buy property with all cash in a short time frame. It's easy to do this. Just align yourself with hard money lenders who understand investor lending. They will prequalify your buyers for you. Most hard-money lenders will prequalify buyers by checking their credit scores and making sure they have enough extra funding on hand in case of emergencies like going over budget or running into unanticipated problems. Hard-money lenders can fund both the property acquisition and the repairs. They offer a great benefit to buyers—no money down, quick closings, and financing based on an ARV or after-repaired value appraisal.

Banks never do this. The typical hard-money loan is for a maximum of one year. Usually hard-money lenders protect themselves by releasing cash as work is completed. One year is plenty of time for the buyer/investor to get the repairs completed and the property refinanced or sold. If your buyers are prequalified with a hard-money lender, they can close fast on your deals. Make sure anyone you allow on your short list has prequalified with a hard-money lender or can pay cash.

In the future, send notices of any houses you have for sale to this list first and watch the offers come in! Then send an e-mail to your entire database to let everyone know that the property is sold already. This is like an auction, only better! You will soon start getting e-mails from buyers wanting you to call them first with the next property.

The most important thing I can say here is to never, never lie about a property: the value, the price, how long it took to sell, or anything else. It is extremely important that all properties presented and sent out in the e-mail are actual deals. You want to create the image of having real deals that are good investments and that sell fast. Once you build a reputation for offering these kinds of deals, then you will have people fighting to buy your houses.

## **Secure Backup Contracts**

The best policy for you is to get backup contracts on each deal in case a buyer drops out at the last moment. If you create a buying frenzy as I've explained, you will be able to accept a primary buying contract and put a couple more on hold as backups in case you need another buyer.

That's how I've been able to day trade so many houses throughout my career. Using this system, selling in two hours is no problem. Using this system, we've been able to have a ready buyer waiting to close on nearly every house we've bought, with backup buyers standing by.



## CHAPTER 13

# Let's Get Paid: Buy It at 10:00 am, Sell It at 10:30 am

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**F**inally, it's payday, and all your hard work is about to pay off. You are about to collect your \$5,000 or more paycheck. The whole procedure takes place in just 30 minutes. If you close on buying a house at 10:00 am, you can turn around and close on selling it by 10:30 am. And you'll walk away with your \$5,000-plus check. Now this is where the excellent dream team of professionals will serve you well.

Once you have a contract from a buyer/investor, your due diligence is complete, and everything looks good, then immediately contact your attorney or title company to prepare all the documents for the close.

Your attorney or title company is your representative at the closing and will handle everything for you. It's their job to make sure that all the complex details of a real estate closing are carried out swiftly and efficiently. You don't even need to be there, if you don't want to be. I have bought and sold houses all over the country without being present at closing. As a beginner, it would be a good idea for you to attend the closings if possible. But once you get more experience doing deals, you can leave those details to your attorney and title company.

The buyer's/investor's lender (usually a hard-money lender, if a lender is involved) deposits the funds needed for closing in the title company's escrow account. You can deposit your funds for purchasing the property with the attorney or title company as well.

If your day funder is providing the funds for you, then your attorney or title company will have the day funder deposit funds in the escrow account. As I explained in an earlier chapter, a day funder is a private investor who lends you the money for 24 hours to acquire the property from the seller and immediately sell the house to a buyer/investor that same day. The day funder gets all his or her money back plus a fee when the deal closes.

The first part of the closing is when you buy the house from the seller. Your attorney or title company will take funds from your escrow account and provide a check to the seller. That's the buying half of the day trade. And it shouldn't take more than 15 minutes.

Then, you immediately sell the house to your buyer/investor. This takes another 15 minutes. Your attorney or title company takes funds from your buyer's/investor's escrow account and cuts a check to you. You will usually receive your actual check the next day after all the proper documents have been filed and recorded. Sometimes it won't all go to you. If you used a day funder to buy the house for you, then the day funder will receive a check for the amount they provided plus their fee, and you will get your \$5,000 or more paycheck.

At the same time, the attorney or title company will make sure that all the closing costs are paid to the various parties involved: taxes, title, insurance, attorney fees, points to the lender, and so on, according to the closing statement. After closing, the title company will file the legal documents, and make sure all outstanding liens have been paid.

This is the general scenario if you are paying all cash for the house at closing or using the cash of your day funder to close. Often this is the easiest and fastest way to get the deal done, especially when you are dealing with Realtors and bankers, who are reluctant to do anything that is outside the ordinary.

## Property Insurance

Since you will only technically own the property for a few hours, there is no need for you to get property insurance. Your seller's property insurance will cover them until the day they sell, and your buyer's property insurance will start the day they buy from you. Having said this, if you ever own a property overnight, always get insurance. If for some reason your buyer is delayed a day or so, make sure you get a builder's risk insurance policy in place to protect you in the event something happens to the property overnight. I never get builders risk insurance if I buy and sell the same day, but any longer than that, I always get it. It is very inexpensive, and you should check with your current insurance carrier first.

## Creative Ways to Close Your Deals Without Money

There are many ways to close a deal. If you have the cash or a day funder, often the easiest way is to simply use your own or your day funder's cash to close the deal, as I described previously. But don't let the lack of cash stop you from making a good deal. In day trading, funding is not a problem, if you have a good deal. If you have used my instant property analysis to run the numbers and found a seller who will sell to you below your maximum allowable price, and a buyer/investor who can buy the property at a price that is at least \$5,000 or more higher, then you have everything you need. Now you just need the expertise to arrange the close in a way that doesn't require you to put up any money.

I am going to share some creative ways to close deals in the order from the easiest to the most difficult. You probably will not use all of these, but it is good to know about all of them so you will have more tools in your toolbox and not miss a deal when it comes along.

### Assignment of Contract

The first and easiest way is to do an assignment. You will not be able to do an assignment on every deal. Some sellers, especially banks

or lenders and most Realtors, will not allow you to put an assignment clause in the contract. But when you're dealing directly with a homeowner or investor who is selling property without a Realtor, then you can often get an assignment. The added benefit of this method is that you do not have to pay two sets of closing costs or come up with financing for the property.

An assignment is when you do not buy and sell the property: Instead simply assign your existing contract to another person who is stepping into your shoes to complete the contract. Whatever terms you negotiated with the seller are in force for the person you assign to the contract. Let's say you sign a contract with the seller to buy her house for \$32,687 in your company name and/or assigns. You can do this by having your seller sign a standard Purchase and Sale Agreement with the buyer listed as "your company name AND/OR ASSIGNS." Then you assign the contract to your buyer/investor using an assignment form. For example, your assignee agrees to pay you an assignment fee of \$5,000 or more and buy the property directly from the seller, putting his or her name on the closing documents instead of yours. In this situation, there is only one closing. You never buy the house. But you get an assignment fee paid to you out of the buyer's escrow account at closing.

When you assign a contract to your buyer/investor you have that person sign an Assignment of Contract/Interest agreement with you. This contains a clause that states the amount of the assignment fee that will be paid to you at closing. Once your buyer/investor agrees, then you have a right to be paid a fee at closing.

## **Create an Entity and Sell the Shares**

One way to basically assign a non-assignable contract is to create a new entity and then you get a property under contract in the name of the entity. Now, instead of selling the actual property, you will sell 100% percent of the shares in the entity that has the contract on the property. There is one real estate transaction and one selling of the entity. This is a great way to assign a non-assignable contract.

## Assignment of Beneficial Interest Using a Trust

As previously mentioned, most of the time when dealing with Realtors, they will not allow assignments. They don't want to tie the property up with someone who is going to assign the contract to someone else. Here is a way you can do an assignment even though the Realtor is only accepting standard non-assignable contracts.

You can simply create (or have your attorney create) a land trust agreement with you or your company as the beneficiary, then you assign your beneficial interest in the trust to your buyer. Here is the way it works. When you sign the contract with the seller, use the name of the land trust. It doesn't matter what you name your trust. I would suggest naming the trust the same as the address of the property. Like "125 Falls St. Trust." You create the land trust by signing a trust agreement. Do this before signing the contract to buy the property. You are listed as the beneficiary of the trust. The trust that you create is the entity that holds the title of the real estate for you.

At closing, the trust purchases the property. Then you transfer the beneficial interest in the trust to your buyer/investor. Since they are now the beneficiary of the trust, they enjoy full ownership rights of the property. The sale of the house is recorded in the name of the trust. The beneficiary of the trust is part of the land trust documentation. It is never publicly recorded. This allows the real buyer to remain anonymous.

So, when you transfer the ownership of the trust (the beneficial interest), it is a private matter between you and the buyer. When using this technique there is no assignment. You just sell the beneficial interest for the exact same amount you want to make on the deal. This is all done with one closing. This is another way to assign a non-assignable contract.

### **BONUS!**

If you would like to download **a fully editable assignment**, you can find it for free at [www.RealEstateDayTrading.com/Bonuses](http://www.RealEstateDayTrading.com/Bonuses).

## Options

Options are another way to close a transaction. An option gives you the right but not the obligation to buy a property. In an option, you really do not have a contract to buy the property but an option to buy the property at a certain price and for a certain length of time. The money you give the seller as option money is nonrefundable because it is the price you are paying for the option itself. You can then decide if you want to exercise the option or not.

If you find a buyer before the option period ends, you exercise the option and close on the property. If you do not find a buyer for your option before the option expires, then you only lose your option money, no more. In this type of transaction, you also will not need any more cash than the price of the option. Only pay a nominal amount to the seller for the option (\$10 or \$50); although, I have paid several hundred dollars for options if it was a really good deal and it was the only way I could get the seller to give me an option.

Most Realtors do not want to submit options because they want an actual contract on the property and do not want to take the property off the market during the option period. And their clients don't want

### BONUS!

I have included two option agreements for you with the purchase of this book. The first one is a standard option agreement, **“Option Agreement for Purchase of Real Property.”** The second one is what we call a **“Flex Option Agreement.”** A flex option allows you to get a property under contract and then put your buyer and seller together. For your service, you receive an option release fee at the closing. It is best used when the seller is also an investor and understands the business. Be sure to check with your local attorney before using an option or flex option and get them to review your documentation. If you would like to download your own option or flex option agreement to edit any way you want, then you can go to [www.RealEstateDayTrading.com/Bonuses](http://www.RealEstateDayTrading.com/Bonuses).

them to do that, either. It's rare that a Realtor will accept an option on a property.

The best types of properties to use an option with are houses that are for sale by owners. They also work well on luxury homes if the seller is having trouble selling it. Look for owners who are stuck with a house they can't sell, that needs repairs, and who are financially strapped. In this situation, you might be their only hope for selling the house.

Here are some types of sellers who might be willing to accept an option because it's better than nothing: divorce, delinquent property taxes, out-of-town owners, vacant houses, houses with code violations, home-owners in transition, bail-bonding companies, surplus property owned by the city, nonprofit organizations, mobile home dealers, private-money lenders, hard-money lenders, tired landlords, and damaged houses.

## **Simultaneous Closing**

This is like having two closings back to back, with your buyer funding your purchase. You are closing in your name or your company name to buy, but you do not have to bring any funds to the closing. Not every attorney or title company will allow you to do a simultaneous closing. You will just have to ask your attorney or title company if they do these types of transactions.

They will know what you are talking about. You can also ask fellow investors at your investors association meeting or the leaders of the group to refer you to attorneys and title companies that will do simultaneous closings. You will have to pay two sets of closing costs when you do a simultaneous closing.

A word of caution about this. There are some problems that can arise in a closing from this type of transaction.

For example, if you do not have your own funds to close and your buyer backs out, then you can't close, your seller will be upset. You can use the simultaneous close method safely if you have backup buyers in place to jump in and save the deal at the last minute, and if you have your own cash or a day funder who will put up the cash at a moment's notice. But if you have the funds, you might as well close the deal the standard way with a physical close. Just don't make things too complicated.

Make sure that if you have to keep the property overnight that you get a builder's risk insurance policy in the event of damage to the property while you are the owner of record.

## **Physical Closing**

Physical closings are when you actually buy and fund the property either with cash or day funding. This is the most expensive method because you are paying two sets of closing costs, just as in a simultaneous closing. With this method, you need to have your funding lined up in advance so you can close regardless of what happens to your buyer. Account for the extra cost of two closings in your instant property analysis. That way your maximum allowable price will allow you to collect more than your \$5,000 or more fee so that you can pay for the closing and any other costs you incur along the way.

# Duplicate and Delegate: Put 92 Percent of the Work on Autopilot and Streamline the Rest

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In the beginning stages of building your business, you should be completely involved in every aspect of the business. You should build the day-trading system.

Develop your buyers list and your sellers' database, prepare your contracts, line up your source of day-trading funds, and recruit a dream team of professionals to help you. Then you can start making offers and doing some deals. At this point, you should delegate as much of the work as possible to others. Automate everything you can. Hire answering services or call capture services to take initial calls from buyers and sellers. Let your services screen out the suspects and give you the prospects to talk to personally. Use bird dogs to bring you deals. Use scouts to drive around your target neighborhoods looking for vacant houses in need of repair.



Automate your follow-ups using auto responders to contact and keep in touch with buyers, sellers, Realtors, and professionals on your dream team. Delegate your closings to your attorney or title company. You sign off on every deal. But once you sign off on it, let your professionals handle the documents and formalities of closing. This allows you to spend your time doing what is most important to your business:

making offers. By now, you should be closing lots of deals and have your day-trading business up and running. But you are still involved. You are still an important part of making offers and buying and selling houses. I personally never do this anymore. I don't do any prospecting, networking, or marketing to find motivated buyers and sellers. I don't get involved in closings.

I don't search for professionals to help close my deals. I don't even make offers. And I'm not involved in negotiations with sellers. I don't advertise for buyers. Yet I buy and sell many houses a month and receive a steady cash income. I'm not involved in the day-to-day business because I learned how to duplicate myself. I didn't go into real estate to replace my job. I didn't quit one job just to get another job. I want to be free and independently wealthy. I've done this by duplicating myself.

## **Duplicate Yourself**

There are two ways to duplicate yourself: Hire virtual assistants for all the routine and administrative tasks of the business and hire property acquisition managers to make offers, negotiate deals, and buy and sell houses for you. You can hire virtual assistants to do the things that you are currently doing, like scanning the Internet for motivated sellers who own distressed houses. Virtual assistants can track down anyone you need on your team to help you buy houses. And remember, it doesn't have to be where you live. Using this day-trading system, you can buy and sell houses that are in the next state or clear across the country. We have day traded houses in many different states so far. There is no geographical limit to day trading houses.

## **Hire Virtual Assistants**

Many businesses use virtual assistants. A virtual assistant is someone who does tasks for you but does not work from your location. It could be a secretary, salesperson, graphic designer, telemarketer, or so on. The neat thing about using virtual assistants is that you do not need an office location for them to go to. There are many websites you can use to hire them.

Some websites list the people looking for work, their skills, and candidates may even have taken tests at the website and been graded on their skills in certain areas. For example, if you go to **www.upwork.com** you can search for a virtual assistant in the Philippines that offers customer service or telemarketing skills and will work for between \$1 and \$3 per hour. Then you hire the virtual assistant to take calls from people who need to sell their houses. Just give your virtual assistant a script, and they can separate the suspects from the prospects for you. Then you are not wasting your time. Think about it. For only \$40 to \$120 a week you can have a full-time person taking all your calls. However, you do not need to hire them full time if you are not ready. You can limit their weekly hours to any amount you want.

If you do not have that many leads coming in yet, your virtual assistant could also do other things for you, such as signing you up at Facebook groups for real estate, creating profiles on some of the social networking sites, making calls on the for sale ads on the Internet to find properties, helping you build your buyers list, and more.

The reason you want to choose virtual assistants from the Philippines is that they speak very clear English and have great work ethics, not to mention the fact that they will work for you very inexpensively. However, if you find one that you like, I would suggest that you pay them a little more than they require to keep them happy and from looking for another job.

Virtual assistants can help you with any routine or random tasks that don't require your physical presence.

Here are some other sites that offer virtual assistants for real estate investors so you can delegate everything you would ever need to do in your day-trading business:

**247virtualassistants.com**, **realestatevirtualassistantservices.com**, **va4rei.com** and **virtualofficeva.com**.

## **Hire In-House Acquisition Managers and Sales Managers**

You want to hire people to help you. But you need to maintain control. You've got to stay involved in the business, oversee your employees, and sign off on everything. It's like my mother-in-law Lynn says, "The

best fertilizer in an orange grove is the footsteps of the owner.” I have never forgotten that and never will. Make sure you are the fertilizer for your organization.

This section is very exciting because it tells you how I was able to go to the next level and take myself completely out of the day trading process. I’ll teach you how to practically automate yourself right out of a job, like I did. What would you do if you didn’t have to work? Michael Gerber would be proud!

Think about it: Now I have time to help raise my son, and spend afternoons and evenings with my wife at our lake home. I just got back from a Caribbean cruise. Did my company suffer without me? Not a bit. They hardly knew I was gone. I’m reachable in case of an emergency, but for day-to-day business, I’m absolutely not needed.

It’s all possible because I was able to hire independent property acquisition managers and sales reps to buy and sell houses for me. I have more time, and I can day trade many more houses. If I am the only one identifying houses, making offers, contracting, and buying and selling houses, then there are only a certain number of houses that I can buy. By duplicating myself with three additional people, I can day trade three times as many houses. How did I get to this point? I hired independent acquisition managers and sale reps to follow the instructions and do the deals just like I did them before.

Make sure you personally know all the processes and procedures of buying and selling property before trying to hire someone to work for you. The worst thing that could happen is that the person you hire knows more than you about closing. Also, no matter how successful you become and no matter how many people you hire, it is very important that you continue to sign off on any upcoming closings.

## **Property Acquisition Managers: Commission-Based Employees**

Here is the way I used to pay my acquisition managers. In fact, the description below is when my acquisition managers used to also sell the properties as well. Now I have Acquisition Managers buy and Sales Reps sell. Anyway, here is what we used to do. Each acquisition manager is a

commission-based employee of my company. I give them the opportunity to earn commissions on their own deals and on the deals of trainees who work under them.

Everyone starts as apprentice. An apprentice uses my real estate day-trading system to buy and sell properties and trains apprentices under them as well according to the guidelines provided. They are taught the same things that you have learned in this book. New employees have 90 days to close their first transaction.

The commission pay rate is based on the net amount of income each apprentice generates for the company. On income from \$0 to \$10,000, the apprentice gets 15 percent commission; from \$10,001 to \$25,000, the commission is 20 percent; and on income in excess of \$25,001, the commission is 25 percent.

When they start, each apprentice is assigned a team leader. The team leader gets paid the exact same thing as the apprentice when they close a deal. This means that the team leader has a vested interest in helping the apprentices close their deals. If an apprentice closes a deal and makes \$2,500, then their team leader also gets paid \$2,500 just for being there to help.

After an apprentice closes five deals, he or she may become a team leader. After an apprentice becomes a team leader, the person who was his or her team leader will still make 10 percent of what the new team leader makes on personal transactions and on their apprentice's transactions.

All apprentices and team leaders have the goal of making a minimum number of offers a day. And they also have the goal of putting properties under contract according to the following schedule:

- *30 days*: One property under contract.
- *60 days*: Three under contract and one closing.
- *90 days*: Five under contract and two closings.

Now remember, this is what I used to do.

Now here is another way to hire that I also used to do. Have acquisition managers who buy properties and sales reps who sell properties.

Each gets 20 percent of the net profit from a deal they were involved in. So, if our net profit is \$10,000, the acquisition manager gets 20 percent or \$2,000, and the sales rep also gets \$2,000. This is simple to keep up with. The only downside is each is dependent on the other, so it was tough to keep them working together and motivated. I would have sales reps sometimes waiting on properties to sell and sometimes acquisition managers were waiting on the sales rep to sell a house so they could all get paid.

Here is what I do now. Since acquisitions is primarily an in the office administrative task analyzing and submitting bids, I pay them \$500 a week plus a small commission when a deal closes. Then I pay the sales rep a small salary as well but a larger commission when the deal closes. This is because the sales rep is having to do more selling and get the buyer committed and push the deal through to closing.

## Employee or Independent Contractor

When hiring someone, make sure that you know all your state's rules, regulations, and requirements for hiring and paying employees. This includes reporting and paying taxes as well. If you are thinking about hiring people as independent contractors, just make sure that you know the laws and the IRS rules and test for determining whether a person is considered an employee or an independent contractor. The IRS has a 20-rule test, which you can find at **[www.IRS.gov](http://www.IRS.gov)**.

The most important thing that I can stress to you when hiring people to work in your day-trading business is to find honest, ethical, and moral people, with a good work ethic. They don't have to have any real estate experience. In fact, I would rather that they didn't.

The best way to deal with this up front is to have a conversation about the bigger picture. Everyone has plans, goals, and dreams. They just don't know how to go about achieving them. A job with your company could be the opening that will enable your employees to achieve something important in their lives.

I have a great team in my office, and they work very hard and make a lot of money buying and selling houses with me.

# Quick Start Your \$5,000 to \$10,000 Day-Trading Paydays

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**C**ongratulations. You've gotten this far. You're almost done. By now, you have absorbed a lot of information about real estate day trading. And now you know more than many investors and some veteran investors know. You have a huge advantage that will enable you to buy and sell houses in one day like I do five to 10 times or more every month.

## Now What Do You Do?

Read this book again. Learn what's in these pages, so that when you start your day-trading business you can refer to this book frequently to find out what to do every step of the way. I'm going to summarize the whole process for you in this chapter.

But before I do, I want to stress one important thing: education. It was education that taught me what I needed to know to create my unique day-trading system. I'm not talking about a Harvard MBA or a Wharton Business School kind of education. I'm talking about learning real-world knowledge of the real estate day-trading business.

After all, I do not have a college degree. I'm not knocking people who have one. I just didn't have the money or the grades to get into

college. Besides, I am not a very academic person anyway. I just want to make sure that you do not confuse having a college degree with making money. Sure, if you have a degree you can get a good-paying job and maybe even be in management, but I am sure that you know or have known someone whose job was downsized.

The only job security you have in today's marketplace is in your ability to make money!

I almost forgot: Even though I don't have a college education, I do have a South Carolina PhD ... that's a Public High School Diploma. I can say that because I live in South Carolina!

## Four-Step Quick-Start Checklist

Remember, real estate day trading is a systematic way to buy and sell houses in one day. But you aren't going to put this book down and just start day trading houses. It doesn't work that way. I know you have been through a lot of information and are probably wondering, "Where do I start?" Here is a short list of what you need to do to get started in the order you need to do them:

- 1. Learn how to analyze a deal so you can start making offers.**
- 2. Line up your funding so you can make all-cash offers.**
- 3. Build your buyers list to have someone to sell your properties to fast.**
- 4. Start making offers.**

It really is that simple.

I have never said real estate is easy. It is not. Life is not easy. If it were, we would all be skinny, happy and rich. But real estate can be simplified, and this is what I have tried to do here for you. Remember, in day trading, you do not have to deal with contractors, rehabs or tenants. This is a great business that anyone can start regardless of your current situation.

## Act Now!

I want to thank you for reading this book, and I hope you are excited about your own day-trading business. I have learned over the years that people who are interested in getting started in real estate start with a lot of enthusiasm, but they lack education. Then, after about 6-12 months they have a lot of education, but the enthusiasm is gone. I point this out because I do not want this to happen to you.

The sad truth is that most people who buy how-to books never make any money. They do not put forth the effort to make it happen. I want to encourage you to take action and do something about it. Do not just let “life happen” and not take the time to set up and start implementing the strategies in this book.

As the title says, this is book is *Getting Started in Real Estate Day Trading*. It is not an advanced training. Regardless of your current real estate experience, however, I hope you have gotten some good ideas out of this book. I tell investors starting out who want to take their business to the next level, there are three different ways to go: Do you want to crawl, walk or run? Depending on where you are in your life will depend on how fast you want to get your business up and running or take it to the next level.

If you would like some help taking your real estate investing business to the next level with more personal help, please do not hesitate to reach out to our team. You can reach us at 803-831-2858 between 9:00–5:00 ET. I have a team of education consultants available to help create a personal game plan just for you. Just give us a call, and we will be glad to spend some time on the phone with you to see how we can best help you based on your current situation. Who knows, we may buy a house from you or sell one to you.

### **BONUS!**

To get all the forms, documents and scripts available with this book simply go to **[www.RealEstateDayTrading.com/Bonuses](http://www.RealEstateDayTrading.com/Bonuses)**. You can download and edit them to fit your needs.

We also have more advanced trainings, live events and our Inner Circle Apprentice program.

Feel free to check out our website for more information at **www.LarryGoins.com**.

I hope you have enjoyed *Getting Started in Real Estate Day Trading*.

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