

## How to Perform the 25:1 System

The 25:1 system is not just throwing out a bunch of offers at anything and hoping one gets accepted. This is a fine tuned filter and you have to follow the process the right way to make it effective.

The 25:1 system also means that you put out 25 offers and got 1 accepted, this is the ideal number. It is not the 25:3 system. If you put out 25 offers and got 3 accepted, then you are offering too much for the properties and we don't want that. By using the 25:1 system, you create enough of a spread with that ratio that you will be able to make money by wholesaling.

This system is generally used with a realtor from MLS properties. We want properties that are listed:

- AS IS (Needs work/desperate seller/Can buy at discounted price)
- Vacant (shows motivation because seller is paying for two houses)
- Price Reduction (means that the seller needs to sell fast/ highly motivated)
- 3 Bedrooms (most people want 3 bedroom homes over all others)
- Starter Homes (entry level homes that first time homebuyers or landlords would want to buy)
- Hot Areas (focus on areas with the most transactions recently)

Ask the realtor to send you 40 listings meeting these criteria. After the realtor sends you these listings say this, "Listen, I appreciate all the work you've done; now it's my turn. I'm going to do all the work and sort through these 40 listings and weed out the ones that won't work, and I'm going to narrow these down to 6-8 listings.

How are you going to weed through the listings? Look in the comments box for the keywords that we want to see such as: AS IS, Needs work, Handyman special, TLC, diamond in the rough, investor's special, or anything else that shows the house needs work. Check to see if there has been a price reduction or if the property is vacant or bank owned (REO).

Initially when submitting offers by following the 25:1 system, if you offer 20% less than asking price and none come back accepted, bump it up 5% and resubmit. However if you offer 20% less and 3 come back accepted you need to back down and offer less. Play with the numbers until you find the percentage that makes the 25:1 system work in your area.

Once the offer is accepted, you need to go look at the property to verify its condition.

Also, there is no need to write earnest money checks for every offer. You only need to submit earnest money when the offer has been accepted.

You don't have to submit 25 offers in one week. In fact, don't burn out a new realtor by submitting all of your 25 offers at once. You could submit 5-7 offers per week and use the full month to submit all 25 offers. This, however, does not mean that you should take a year to submit 25 offers and expect to get one accepted, you won't build any momentum.

The KEY to this process is offers. Don't be afraid, put in those offers. You have the 14 day whole house inspection period, if you can't wholesale it, back out on day 13.