

Simpleton's Guide to Real Estate

J. Paul Getty & Sf. Ramon Careaga

Free for you to save money, time, headache, heartache, and maybe make a buck

Excerpts from "How to Get Rich" & "Reverse Wholesaling"

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Paul J. Getty Guide to Real Estate

1. Make a thorough study of the real estate market and its prospects in your area before you buy. Buy low when indications say they will rise. Always consider factors like the rate of population increase and general prospects of businesses in the area.
2. Know or learn as much as possible about the use of the property you are interested in. It needs to be suited to your family and your requirements.
3. Deal only through licensed and reputable brokers. Beware the fast-talking who promises everything verbally.
4. If you buy a property to improve, be certain you have adequate capital or can obtain financing.
5. Always obtain at least one impartial third-party appraisal before you buy it.
6. Whatever you buy, have it inspected by qualified and disinterested architects or builders before entering into any contract. If buying something existing, have the owners books be checked by a disinterested accountant. If the owner balks, look out.
7. Shop around widely and cautiously no matter what you are looking for. Don't take unnecessary chances with your money.....unless there is an irresistible deal you must "snap up."
8. Make certain you have the best legal advice before signing anything. It is always advisable to have an attorney translate the "whereas....."
9. Always insure the title to the property you buy. Cost of title insurance is negligible.
10. Once you buy, treat it as a long term investment, If you want to make \$\$ in real estate, always think in terms of investing and never in terms of speculating.

Ramon's 1st Time Buyer Checklist

- ☐ Home Inspection
- ☐ 20% Deposit
- ☐ Special programs, especially first time home buyers, etc.
- ☐ Closet Space
- ☐ Tiles and grout
- ☐ Checking plumbing for longer, ~ 2 hrs
- ☐ Washer/dryer hookup
- ☐ Electrical and insulation (shorts, fuses, etc.)
- ☐ Roof age and inspection
- ☐ Porch/rot/water seal
- ☐ Vinyl Age?
- ☐ Water flow/drainage
- ☐ Home security
- ☐ Window Age
- ☐ Chimney Age and problems list (because it will have them)
- ☐ Total insulation check
- ☐ Basement leakage, flooding history
- ☐ Wall warping (any = nope)
- ☐ General fire hazards
- ☐ Wasp and rodent nests
- ☐ Recent pest control? Include lawncare.

Reverse Wholesaler's Guide¹

- ❖ People pay cash for investment property. People do not pay cash for their primary residence.
- ❖ If you are an investor, you are looking for a ROI, then that means you are putting \$\$ out there to get money back and you want to keep it going over and over, and over. And that means as real estate wholesalers, you have the ability to sell multiple times
- ❖ RW is the best strategy because it focuses your efforts on revenue - generating activities.
- ❖ The more time you spend on the above, the more successful you will be, and the faster it will happen.
- ❖ RW is relationship driven. This means it is long-term focused, rather than transaction driven, which is about quick hits.
- ❖ RW requires no experience in real estate.
- ❖ The market will tell you everything you need to know
- ❖ Bottom line, wholesaling is buying real estate at a deep discount and immediately selling to another investor. You don't try to sell it on the retail market, you don't try to fix it up, and you don't invest a lot of money. You simply buy it, sell it, and don't ever touch it.
- ❖ You just flip that contract or property to another buyer for their investment portfolio. That is all wholesaling is. Buy and sell cheap. You do not try to get retail prices.
- ❖ When the market tanked in 2008, major changes had to happen. That is when I started exclusively working with cash buyers. And we automated the entire business. The Automation allowed us to look into a database and see who is paying cash anywhere in the country in a matter of seconds. Once that was streamlined, we started selling that service on the real estate market.
- ❖ You have to focus 80% of your efforts on building relationships with buyers. You want to target and automate your market to buyers and sellers....You want to "shop" versus "selling." This means you go shopping for what buyers want versus selling them what you have.
- ❖ "Go find a great deal is an open-ended comment and frankly the old way of doing it."
- ❖ Old School Wholesaling has 4 steps (You can do this but it is stressful and risky).
 - Discounted Property under Contract
 - Actively Market to Clients
 - Sell to Client
 - Close on Sale
- ❖ New Reverse Wholesaling 5 steps
 - Interview Clients
 - Identify items that Clients desire
 - Locate Items that Client desire
 - Connect A to C
 - Close on Sale
- ❖ 5 Key Step to Cashing in With Cash Buyers
 - Find Active Cash Buyers
 - Target and Automate Your Marketing
 - Build Relationship with Buyers
 - Find Properties for Buyers
 - Close Deals...Cash Checks

¹ "Reverse Wholesaling," K. Clothier, 2013, GCG Publishing; summarized by Macon Asbury

- ❖ Most people don't understand the above steps. Banks and Loan Officers interfere in real estate transactions. With cash you can close the deal in 24 hours or certainly within 7 days.
- ❖ You have to know what questions to ask. You need to instill credibility, trust and desire in your buyers. Those 3 emotions are the triggers you have to hit and address.
- ❖ You have to use objection scripts - use common sense. Talk to the buyer about what they are looking for. Learn why they are buying, What are they trying to accomplish- remember the 80% comment
- ❖ Once you really understand your clients answers you can determine your "hot zone."
- ❖ Think about McDonalds and Subway franchises - before they opened they did research!! They determined high traffic areas and the demo of customers and the building/zoning requirements of locations.
- ❖ Your business is no different. Your product is houses.
- ❖ Finding Properties for Buyers
 - Focus efforts on hot zones
- ❖ Find Properties from multiple sources
 - Direct Seller Marketing
 - Direct Mail
 - Bandit Signs
 - MLS
 - Realtor Referrals
 - Bank REOs
 - Probates
 - HUDHomestore
 - Wholesalers
- ❖ Make the Customer /client experience exceptional and they will be your client forever
- ❖ Every person in your organization is tied to this.
- ❖ Example of what we are doing NOW.
 - We just sold a house for 60k to someone in California. They have no idea how to refab this house. They paid us 60, we paid 50 so we have 10k in our pocket. Now it needs about 10k worth of improvements. That is the kind of opportunity that gave us an edge to provide an additional service. Therefore as a third-party service we come in and offer rehab. Our guys can turn the job around in 14 days.
- ❖ So, Systemize your Business
 - Close on Sale
 - Begin Rehab Process
 - Close on Rehab in 14
 - Rental Agent- Rent Property in 14 days
 - Close on Tenant
- ❖ Tie the Team to the Deals

➢ Buyers Rep	\$1,000
➢ Sales Referral (Potential)	\$1,000
➢ Project Manager	10% of Rehab Costs, Bonus \$ 500, if project done in 14 days
➢ Rental Agent	½ first month's rent, Bonus \$ 500 if within 30 days
➢ Office Bonus	\$ 500 per deal- paid if you hit your monthly goal preset
- ❖ The Key to Removing Yourself
 - Business Rules
 - Empower People to do their job w/out your involvement
 - Setup "Business Rules" that give them clear boundaries

- Train them to do their job and LET THEM DO IT

❖ Our Deal Rules

- Minimum Profit Number
- Cash Buyer
- No Buyer Contingencies
- Located in 60% of City that we work in
- Buyer is getting 25% equity
- Minimum monthly cash flow
- Minimum cash on cash return of 12% for Buyer
- Rehab is already complete or requires less than 15k
- Closed within 30 days
- Strong rental demand