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Real Estate Investing Podcast

Brilliant at the Basics Part 8:
What to Do When Starting in a New Market

Hosted by: Joe McCall

Featuring Special Guest: Peter Vekselman

Joe: Whenever you're ready.

Peter: Shall I go anytime?

Joe: Yeah, whenever you're ready.

Peter: Hey, everybody! This is Peter Vekselman. And, I kind of reverse the tables with everyone today. And, I'm Peter. In the other end is Joe, and...

Joe: Watch out!

Peter: [Chuckles] You know, on those... I'm... People always have these famous guest hosts, and that's what it is today. I'm the famous guest host on the Real Estate Investing Mastery Podcast, the number one podcast. I think Joe, you told me, that it's number one in the universe right now, right?

Joe: In multiple universes...

Peter: Multiple universes. [Chuckles]

Joe: It's the biggest ever.

Peter: It's the biggest ever. And so, I believe that. And, I'm excited to be here. And... Oh, before I forget, you all need to check out this book. Joe and I wrote this book, and we just did a series of recordings, "Be Brilliant at the Basics." This is how we build our businesses. This is how Joe travels across the nation with his family, and does a bunch of deals. This is

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how I'm cranking out 30, 40 deals a month in my business. We just kind of talked about it. And, we put it on the book and it's at freebasicbook.com. Freebasicbook.com. If you all go there, get yourself a free copy. We love sharing what we do in this business, and we want to help you all build the business.

And, in all of the services, the reason we kind of flipped it around today, is because today, I want to put Joe on the hot seat. I know he puts a lot of his guests on the hot seat. And Joe, I want to ask you this specific question. You travel across the nation, and let's say, you're in town right now. You're in a brand-new town you're all are visiting. And, you guys are out of milk money. And, your wife is like, "Okay, we got to get about $3 or $4 grand coming in here in the next couple of weeks. We lost it all. We put everything behind us that we had." So, what are you going to do? You're in a brand-new town. You don't know anyone. You don't really have financial resources. You got to put $3 or $4 grand in your pocket. What are you doing to do that?

Joe: That's a great question. And while... Before we even ask that question, I was thinking one route in how I would answer it. But, as you ask it, I'm going to focus on another route actually. I was going to say something really similar to what you said before. I would go out and find the cash buyers first. And so, maybe what I'll do is, I'll answer it both ways, I guess. I maybe a little indecisive right now...

Peter: [Chuckles]

Joe: But, there's two things I would do. First, go after regular wholesaling deals. And then, I would also go after some wholesaling lease option deals. I'll try to flip some lease options. And either what, I would do both. And, I've often said this when I'm teaching wholesaling lease options. I believe in this system so much, if you were to drop me off in the city that I've never been to before. This is the exact same thing I would do to put food on my table. So, let's talk traditional wholesaling, because I do both deals. Traditional wholesaling, I would first and foremost try to find cash buyers. I would take every single penny I could find, rub them together, and I would do some direct mail, some postcards to people who bought properties in my market in the last six months. I would find the 100, 200, 300 most active investors who bought properties in the last six

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months. And, you can find that from ListSource, or you can find it from the MLS. I would probably find a Realtor or somebody at the title company who could get me that list for free.

Or, I would just go to the county courthouse, and get that data for free. And then, I would do everything I can to contact as many of those buyers as I could. I would send them postcards. I would go find their office address. I would knock on their door. I would... I wouldn't worry about putting ads in Craigslist. I want to find the players. I want to find the guys with the money, and I would knock on their door. I would send them a lot of postcard. I would get them on the phone. And by the way, my postcard would not drive them to a website, where they'll put in their name and e-mail. I want their phone numbers. I want them to call me, and I'm going to talk to them. And, I would simply find out what are they looking for. What do they want? Do they want single-family homes or they want multi-families? Do they want? What areas of town are they buying in? Do they want these zip codes or these zip codes? And then, in those zip codes, what are they looking for? Three bedrooms? Is it a garage? Is it... Does it have to have a basement? What are the numbers? Like, a lot of investors, they won't buy any property that need more than, maybe $5 to $10 grand in rehab.

Or, they want rental properties. Or, they want homes that they can fix and flip, and may have to be in it no higher than $0.70 on the dollar, etc. So, I want to find out what they want. And, most of the guys who are buying a ton of properties right now are wanting cash flow rentals, okay? So, I find out what kind of rents that does it have to have. What kind of ROI or cash-on-cash return they need to have? So, if they need 15% of their money working backwards, what does that mean? Well, it means that if it rents for $700 a month, they need to be all in at $35,000, let's say, okay? So, now that I know their criteria, and I know who the players are... I know who the ballers are, as they say... I know what they want... I'm going to hit the street, and I'm going to ask every realtor, every investor, every property manager, and every wholesaler that I know for deals. I'm going to tell them, "Look, I have $1 million burning a hole in my pocket. Right now, I'm looking for deals. Send me what you have," okay? Start spreading the word out. Not even doing much marketing for deals. I'm not actually even marketing for sellers.

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I'm looking for the guys who have the deals. I'm looking for the wholesalers who have the deals. Or, property managers who have a client that wants to sell their rental property but can't. Or, that realtor who has pending listings that's under contract, and the investors who bought it or who wants it fell through, because the contract falls through it. It's a house that needs a lot of work. I'm going to start calling every realtor of every pending listing that needs work, telling them, "Hey, if this deal falls through. I've got money. I want to buy it." I'll call all the wholesalers, property managers, investors. You get my picture.

I'll start networking with REIAs. Once you start doing that... And, I've done this many times. It works. It's like crazy. You start telling people, "Hey, I got money. I'm looking for deals." Guess who they start sending your deals to? They'll send them to you, right? And so, they need just a middleman. You market up a little bit, and you wholesale it to your buyer, and you become known as the guy who can close a lot of deals. So, it's called "reverse engineering" the process, right? It's finding the guys with the money. Finding out what they want. And then, finding the deals and handing it to them, all right? Now, that's the traditional wholesaling side of things.

On the wholesaling lease option side of things... I love the strategy, and I would start doing this during the same, at the same time. I would start calling every rental in Craigslist that is over... Let's say, we're in Atlanta. I would start calling every rental that's in Craigslist over $1,200 a month. I'm only looking for the nicer homes, maybe over $1,500 a month. And, I'm looking for the nicer houses that don't need any work. Where, a lot of these guys, they want to sell their house but can't. And so, they've resigned to the fact that they have to rent it out. I would call every single one of those nicer rentals, and I would ask them a simple question, "Look, I'm an investor. I'm looking for a nice house in a nice neighborhood that I can lease for a couple of years, and then buy. Do you mind if I ask you a few questions about your property to see if this would be even something I'd be interested in," right? So, I'm going to be calling these landlords saying, "Hey, I see you have a nice house. I like it. Tell me a little bit more about it." And then, finding out if they would be willing to lease purchase it.

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A lot of these owners who are advertising these houses for rent, they don't want to be landlords. They're moving out of town. They got a job transfer. They would rather rent their house to somebody who wants to buy it than somebody who's just going to rent it and call them every time the faucet leaks. So, I will just ask... I would look for lease purchase deals. Once I found a seller that was willing to do a lease purchase, I would get it under contract. And then, I would start marketing and advertising that contract. In other words, I would start marketing that house for a tenant buyer.

And, if the numbers work, I'll stay in the middle. I'll collect the money up front - the cash flow, and the money at the back-end. But, if the numbers don't work, which is seven times out of ten. The numbers don't work. There's not enough cash flow. There's not enough margin. I'm just going to find a tenant buyer that I can then assign or sell that contract to. And, I can usually do that for anywhere from $3,000 to $8,000 on average, depending on the market that we're in. So, that's a simple as I think I can make it. I would find the cash buyers to do the regular wholesaling deals. Then, I'd also start calling all of the nicer property landlords about doing a lease purchase on their property, and then, flipping it to a tenant buyer.

Peter: You know, it's interesting if you listen to kind of what I said, listen to what you said. Bottom line is, there's a thousand different ways to skin the cat. But ultimately, when it comes down to it, it's just deal structuring. That's all it is. We're taking things that are already out there. These properties are already out there. The tenant, the buyer, the buyers are out there. The sellers are out there. The wholesalers are out there. The landlords are. The great thing about this business is, no one's hiding. It's all public information.

Joe: Yeah.

Peter: And, if they're not on certain websites, they're at the county courthouses. So, all... Everything you need in order to do this business and make some quick money, it's all public information. It's just a matter of connecting one with the other, positioning yourself in the middle, making a quick $2,000, $3,000, $5,000, $10,000, and moving on. No rocket science behind this business. It's just understanding the basics, fundamentals.

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That's how we talked about being, and I did it the same time. It's just understanding the basics of this business, doing it over on an ongoing basis. I'm telling you, what I did to get to where I am at? And, Joe what you did? Freebasicbook.com. Go check it out. We've documented the processes. And, I promise you, when you look at that book, there's nothing we say there that's out of the norm. You'll be like, "Wow, is that all it is?" Basically, we just become really, really, really good at it.

Joe: Yeah! Very good. Well. Thanks, Peter! I like being on this end. I like having somebody else do the introduction. That's...

Peter: It ain't your show no more, buddy...

Joe: [Laughs]

Peter: It ain't your show no more. All right.

Joe: All right, guys. Go to freebasicbook.com. Also, if you want to learn about how you can start working with Peter and I directly in your market... Where, we actually set up your marketing, your systems, and actually do all your follow-up for you with a team of virtual assistants that will do your follow-up for you, go to PeterandJoe.com. To get the book, freebasicbook.com. To work with us, to get some more information about that, go to PeterandJoe.com. We have a video on there and talked about all of this good stuff. So, all right. Thanks, Peter. We'll see you guys later.

Peter: Bye.

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