



# REAL ESTATE INVESTING MASTERY

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Real Estate Investing Podcast

## Here's How To Get Killer Deals from the MLS

*Hosted by: Joe McCall and Alex Jounblood*

*Featuring Special Guest: Than Merrill*

- Intro:** Welcome, this is the Real Estate Investing Mastery Podcast.
- Joe:** Hi guys, this is Joe McCall with Real Estate Investing Mastery, I am coming to you live from the studios, the Real Estate Investing Mastery studios in Venice Italy, just kidding. I'm in a hotel, some kind of hotel here in Venice really. I am here and I'm excited about this show Alex because we've got Than Merrill again back for a second time, we didn't offend him too much on the first episode.
- Alex:** Not too badly.
- Joe:** No, I think he still likes us, but I'm really excited about this podcast, I want to jump right into it, because Than's time is very valuable and I don't want to... I want to make sure we're not taking too much time, and I think Alex we lost you for a second, but you're coming back in. Than I was... we were talking before, and you are going to show us how you can make hundreds of offers a day, is that right?
- Than:** A month, a day would be impressive, there you've given me way too much credit already, so yeah a month using MLS, so it's going to be a good call.
- Joe:** Definitely I'm looking forward to that, and you also just released a new book that I've been looking forward to for a long time. I think it's been over a year when I heard Michael... no it's been about two years, and I heard Michael Garber speak at an even in St. Louise, and I forgot what even it was. And he actually talked about, he was mentioning the E-Myth series, and he was actually talking about how he was excited about working with you on this E-Myth book for real estate investors. It was a long time, maybe wasn't two years ago, but I've been looking forward to it ever since, and I got this



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notification on Facebook, yesterday or two days ago, that it was finally out, so congratulations.

**Than:** Yeah, I appreciate, Michael is somebody I read the original E-Myth 12 years ago, and I highly recommend the original E-Myth if you haven't read it yet, it's E-Myth Revisited, and that book really gave me a totally different outlook on business. It's not a real estate book, but it is a... it gives you the philosophy of how to build a business.

I was always appreciative of Michael's work, and so it was a pleasure to write the E-Myth Real Estate Investor with Michel. We cooperated along with my business partner, and it's been a long time coming, but definitely something that we're excited about.

**Joe:** You are the one that introduced me to the E-Myth book, I remember going through your stuff, you had some YouTube videos that you were doing, obviously you had your show and then you had the Website, and you started teaching things, and you were... I joined your wholesaling University, do you remember that?

**Than:** I do, yeah. That was quite a few years ago, but yeah, absolutely.

**Joe:** That was a great program, and there was one of the first things you teach everybody that was in your programs, is you need to think about systems, and you need to think about systemizing your business, and I really love that philosophy, and I've hung on to that for years.

**Than:** Yeah that was the original concept of the E-Myth where Michael Garber was just started... that it really distinguished the difference in my mind, what I'll get out of the book and what you'll get out of the book and anybody listening, is to distinguish the difference between working on your business versus working in your business, and it's talked a lot about how business owners a lot of times just become proficient technicians.

They never become good managers and they never become true entrepreneurs without making steps to basically reorganize their business and think about it from a different



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perspective. And so when I read the book, what it really did to me is it opened my eyes to all the things I was doing wrong, and it opened my eyes to really the problem that most business owners suffer from, real estate investors included. For the past... really the past... over the past decade I've been applying those principles to my real estate investing business which is... you will see a glimpse of today when we talk about our MLS offer system, and how we make hundreds of offers a month to find properties that are good deals on the MLS, and I think you will see a lot of those principles applied to what we're talking about today.

**Joe:** That's good. I'm looking forward to that.

**Alex:** At least how many people get to that point and how many don't, you can definitely tell. Working with different contractors in my business you can see which contractors get that point of working in the business, or working on the business and not in the business. For instance like when we had our hardscapes done around the house, the actual contractor actually came, met with me, set up the job or whatever, closed the deal, and then he put in place the people to actually go ahead and put the pavers in.

He actually only showed up here and there and kind of thing, but yet he's made the difference from what he paid his contractors to do the work. Then there's the contractors that come and they do everything themselves, and they can only do it... how many jobs can you do by yourself all at once. The guy that has it set up correctly he can five job at once, the guy that doesn't one or two, and then he's running around like a chicken with his head cut off.

**Joe:** Begging you for money, asking for early payments.

**Alex:** Exactly, that's it.

**Joe:** So, Than, what is the website people can go to get the book?

**Than:** People interested can go to [ThanMerrillBook.com](http://ThanMerrillBook.com), and when you go there we have a little video that goes along with this book as well, just an interview with Michael and I



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where we talk about the E-Myth principles, and I talk a little bit about how I apply them, so it's simply a good bonus to the book itself.

**Joe:** Good, I highly recommend that, I already ordered it, I was wishing it was on Kindle, by the time we're recording this it is not yet, and I can understand why you are trying to get the book sales up. But it's already No. 1 in Amazon, under real estate and... Yeah, under real estate it was already No. 1 and you can get the hard cover for just 20 bucks or something like that, well worth it. I'm actually... it will be at my home office waiting for me when I get back, I'm looking forward to reading it, I'm really excited about this book, so congratulations, so..

**Than:** Thank you, I appreciate it.

**Joe:** We're going to talk about... and by the way guys if you're driving and you need that link to that, it will be on the show notes, and our website is [RealEstateInvestingMastery.com](http://RealEstateInvestingMastery.com), and we'll give you all the links and the notes, and the transcript of this conversation with Than. Than you guys operate a machine, it's just crazy, it's insane, and one of the things I love about Fortune Builders is you give away the firm, I mean you tell everybody exactly how you run your business, you don't hold anything back.

One of the things you guys are really well known for is just doing tons of marketing and making tones of offers. And when we talked last, we asked you hey can you tell us a little bit more about how you and your team can make hundreds of offers a month on the MLS, what does it take to do something like that? And maybe you start from the beginning why is that even important Than, why is it important to make a lot of offers?

**Than:** Yeah, so really as an investor what you'll begin to realize if you are starting out and if you are experienced you already know this, on average it's going to take anywhere between 10 and 20 offers to put a deal under contract typically, and that will be over a variety of different marketing methods. That could be direct mail, that could be online leads, that could be properties listed on the MLS, and the MLS, the real... the MLS for a lot of investors is a very consistent source of deals.



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Now, some people who don't work the MLS the right way may say, well it's too competitive, or there is no deals, and the reality is, this is the way I always equate it, you understand the facts about the MLs, and in most areas, 80% of properties are sold by an agent through the MLS, and so I absolutely love generating our own leads, getting direct to the seller, doing direct mail, doing online marketing.

I'm not discounting any of those strategies whatsoever, because in fact our more profitable deals come off the MLS. The MLS is more competitive, it is... There is a way to work it the right way and there's a way to work at the wrong way, and I've done it both ways. However, just your volume, if you are going to expand your business, the MLS is going to be part of what you do, and so a lot of our investors here we work with as well as ourselves, I would say most of our students somewhere between 30% and 70% of their deals come off the MLS.

It's a certain percentage of deals that are consistently coming that way, and that's just based on the statistics of how many properties are listed in most areas on the MLS. So I'll kind of break down how we are able to make hundreds of offers, I'll kind of give you an outlook. In our real estate office, we have four team members who do acquisitions. So all they are doing all day long is looking at properties, analyzing deals, making offers, following up on offers we've made, following up on the people who said no to try to... over time maybe they change their mind.

Two and a half of our guys, when I said two and a half, two guys full time all they do is work on the MLS. Then the other two guys, one guy is just direct mail, online leads, sellers that are contacting us directly, and then the other guy splits his time between... if we have a lot of leads that month from other sources, he is spending his time on that. If we don't have as many leads that month, then he's spending his time on the MLS.

It is a big part of what we do, and it's been very consistent over the years for us, and we have a process for how we do it, and I think that's what I will outline in the call to give people an idea of... some of the traps, some of the things you shouldn't do and some of the things you should do when it comes to work in the MLS.



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**Joe:** And this is in San Diego, is that right?

**Than:** Yeah, so we are located in San Diego, California, so we work the really the majority of the San Diego county area, but we sometimes are pretty lazy, so we don't work the whole county, we'll work like a 30 minute drive from our office. So we started New Haven, Connecticut, working a section of Connecticut, so we've done this in multiple areas and we do own homes in different markets around the country that we buy and hold as well. What I'm going to be focused on really is just the structure of the MLS, and how they connect with the agents if that works for you Joe.

**Joe:** For sure, of course.

**Than:** Well cool. Let me give people an outline, just feel free to interject at any point Joe with questions or clarity. So first thing I always tell investors is you have to start to understand on a weekly basis how many properties are actually hitting the MLS, because that will vary by area.

Some cities like Dallas are massive and you might only work a quarter of the market. You might be in areas that are smaller and you might work in two different markets with two different MLSes. The MLS obviously is the Multiple Listing Service, and it's a database of properties that agents list and are required to put their listings on, so everybody knows that. The key though that I see for a lot of investors to really do this the right way is speed.

That's the most important thing because it is competitive. You will come in to multiple offers situations frequently on deals that are listed, so you want to start curving out little niches that you find. One niche for example for us that's been very profitable is newly listed short sales. We find a lot of investors shy away from that because either A, they are working with an agent and the communication gap and they may not have a full understanding of short sales, but a lot of times agents who list short sales are in control of the deal and sometimes investors find it difficult to work with them and navigate the short sale process.



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The great thing is it's probably the least amount of competition for any type of deal. We target Joe newly listed short sales, REOs, and we target really any general type of distressed property, so are our three buckets. And from a stand point those are the three buckets that we target, so what we do I'll give kind of everybody a process overview, it is everyday and every week we track listing buying.

We can track on what's going on in the market, you'll start to actually understand your market better, you'll start to get a feel for inventory levels, and then we put those opportunities, so let's say 100 properties hit the MLS that day. We go through all 100 properties and we look at two things, we look the description the realtor puts in about the property, and then we look at the pictures, and we'll take a 100 listings and we generally narrow down to about 10, maybe 15 opportunities.

The other 85 or 90 properties are retail, and you know Joe and Alex that retail deals are properties that are fixed up, they are going to sell close to market value or at market value, and for us as investors those deals are a waste of time, and it's not going to be something.

We're looking for distressed offers, we're looking for properties that are dated, we're looking for properties that we might be able to split the lot and build two townhomes, we're looking for properties that are older, that are smaller, that we might be able to have a second floor on top of. We're not looking for just properties that we can fix up and turn around and resell as they say. We're looking for properties in addition that have additional value, maybe we can double the square footage, maybe we can knock the home down and build two town homes, maybe we could... maybe it's just a property that's really ugly and has a foundation problem.

What our guys do is they look at those properties, and literally we'll try to be on the phone with the agent within a couple of hours of the listing, like that's how quickly we want to move. And we found that to be really advantageous, because there are some sellers, private sellers that an agent might be representing whose speed does matter. And so the quicker you can get in and certain... I know probably 10, 15, 20 deals a year come to us just because of speed. That's like the number one differentiator, and that's



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not the only thing from that stand point, but overall that's been one of the biggest advantages is just getting on the phone with that agent right away.

The other one that I brought up earlier is short sales. As you guys know a lot of agents... some agents are very experienced working short sales, and some agents are very inexperienced, and it can be very time consuming, but if you get a very good agent who understands the value of an investor, a newly listed short sales is good because one, a lot of investors won't necessarily want to deal or want to hold out or go through the negotiation process. A lot of retail buyers don't want to sit around and wait for three months for the bank to make a decision, and the agent is going to get paid basically only if that house sells.

Some agents overprice their listings, some agents under-price and they get no attention, and what we do is we basically work hand in hand with the agent through the negotiation process, and let the agent know right up front, we let them know upfront if our offer doesn't get accepted. Let's say it hit the market at \$400,000 in San Diego, just adjacent to where you live, and in a different part it might be 100,000, 200,000. So we'll let the agent know, hey the bank is not going to put your short sale package on the top of the list unless you have an offer, unless you have a short sale package put together.

Most of the time when we reach out the agents, they may have contacted the bank once, but they don't have an offer and they don't have a short sales package put together, nor do they necessarily always want to deal with that or know how to do that. So we'll reach out to them and let them know this is what our offer would be, and here's our experience with short sales, and here's what we can do to facilitate the process and take a lot of work off your play. You will still get paid, and if the bank doesn't negotiate to the price that we are willing to offer, a lot of times they will give you a discount, or you then can drop the list price, we'll back out and you can now sell the property.

I would say probably only 40% of our short sales that we put under contract we actually convert with agents involved, just because we are trying to get a pretty significant discount. So not every bank is going to negotiate, but you put kind of those in your



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pipeline, and you get four that pop out in the back end, and it becomes a very consistent reliable source of deals that you can build a business on. So those are the three things we target, and I'm happy to walk through the rest of the process, but I'm sure you guys might have a couple of thoughts or insights.

**Joe:** What are the three things? Short sales is one, right?

**Than:** Yup.

**Joe:** What's the second?

**Than:** The second one is any type of general distressed property.

**Joe:** Okay.

**Than:** So anything that might be water damaged, fire damaged or just ugly, dated or something we know... I will tell you one thing that's been very key for us to work in the MLS and making it work. If you have a good contracting team or teams, and if you know how to rehab and or build homes, and or add additions to homes, there is a subset of the market that isn't that competitive in a lot of areas, a lot of investors will look for just simple rehabs.

If you can go... if you know how to navigate the zoning process, or you know how to navigate and add a second story on a home or add a 1,500 square foot in addition, there is a lot of neighborhoods especially in the mid to higher price point neighborhoods where you can find smaller homes and add square footage. When you calculate the after repair value of the property, it's a very viable development opportunity.

It's not necessary... and a lot of times we are not even dealing with the most motivated seller, these aren't necessarily sellers in pre-foreclosure or sellers that are down and out, they just don't have a lot of options that are financially strapped. These are just people that don't know how to do that type of work, or don't think about their property that way, and if the price point makes sense, it can be very profitable. That will be a



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little bit dependent on where you live, and a little bit dependent on the types of neighborhood you work.

We do that frequently where we will add square footage, and we might calculate the after repair value of just rehabbing the home and leaving it the same square footage and it doesn't cancel out. But then when we look at it in a different way it ends up being a sizable profit, or at least a descent profit on the deal. Those are opportunities just by knowing neighborhoods and by knowing your city, they will pop up on the MLS, and a lot of investors won't call on because it doesn't look distressed, it might just be an average property in an average neighborhood, but it's a smaller property. And so those are opportunities that present themselves, yeah go ahead Alex.

**Alex:**

So those deals that you are talking about right there probably the last five or six deals we've done, we do exactly that. Now that's actually very competitive, one of our very competitive spot in our market right now, because people understand that you can tear a house down. Around here in Norfolk there are a lot of two bedroom one bath houses that are between 600, 700 sometimes 800 square feet, and you buy the things for... we used to be able buy them for like 45 and 50, but now the market has been slowly going up as people realize you can tear those down and build a new house there and sell it for 245, 250.

And that's a great way to get in there and do that because these notes... the notes from the houses are 100, 120, and we get the bank down to 50, 55 the marks I just paid on when we're at 60, we tear the house down for about 5 grand, and you're in it for about 65,000, you build it for 110, 115 and you sell for 215, you make yourself a nice profit.

**Than:**

It's definitely... I'm glad you bought that up, because it's definitely a unique opportunity, because of you can understand the skills sets of creative real estate and how to perform short sales, your competition a lot of times is going to be builders, or people that really don't go out there and market. They understand the construction side, but they just rely on realtors to bring them opportunities, or they might go to the auction.



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If you can understand the creative side, or if you can understand the pre-foreclosure side and you have the skills to do \$100,000 plus construction project, there's a lot of opportunity there, because you can... a builder or somebody is not going to ... most of them, some of them will, but they may not wait around or want to go through the short sale process with the agent. That's been a very good niche for us, REOs are much more competitive, just properties that are generally distressed are much more competitive, so that's been a niche of ours.

I'll tell you one other thing, and this is probably the biggest of all. Speed is an ultimate factor, and then having a goof follow up process. I would say I don't know exactly, I will have to ask Jade and our team in the office, but I would say right now probably 40% of the offers that we are getting accepted from the MLS, the agent and the seller originally said no to our offer, but it fell out of being under contract, or the seller... it sat on the market for two more months.

We follow up at 30, 60, 90, I mean we are religious about follow up when it comes to the offers that we make. The other thing that we do that I found is how you communicate with the agents is part of the most important thing, and this is what a lot of beginning investors don't understand is the agent a lot of these deals, frankly a lot of offers may not even get presented to the sellers if the agent doesn't like you. I know they are supposed to present all offers, but if they get a blind offer or they just get an offer emailed over to them, or, a lot of times the agents just... they are not going to either sell your offer, or they may not present it altogether.

The key that we found is really how you communicate with the agent. It's one of the most important steps of the process, and think of an agent... I always think of they are assets to your business. A lot of investors look at agents like just somebody who works for them, or somebody who is going to do some labor for them. An agent is a very vital part to your team, and you want to find a good agent to work, and you want to build a good reputation for yourself, so that... one of the most important things is because you're going to be making a lot of offers, when another agent is upset because your offer is low, you have to spend the time to communicate at a high level and reposition what we do.



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We don't want agents saying they are just low bawling, they are just... agents need to have perspective, and we need to have perspectives about what agents do. When an agent is upset buy one of our offers because it's lower than what they expected, all we do is take a few minutes to reposition, and get them to kind of step into our shoes, understand we have to make a conservative profit, our offers have to be lower, we take a tremendous amount of risk, we put a lot of capital up when we're rehabbing these properties. If we take the time to learn... you are right Mr. Agent, we're not going to be a good fit for a lot of your listings. In fact, a lot of your listings you are going to get a retail buyer is going to pay a full market value.

However there are going to be properties you'll run across the retail buyers won't want, properties that need significant amount of work, properties... or you might have a pre-foreclosure timeline, and the seller just doesn't have time for somebody to get qualified and get a mortgage and buy the property, and so for those types of property, that's where we are a good fit.

We just try to position ourselves as a tool in their tool box. So when they have a situational property that fits what we are looking for, and they don't have a lot of time, or they don't have options, or the property needs a tremendous amount of work, then we're the best tool that they can utilize. And so a lot of investors don't spend that extra time, and each one of those conversations, when we talk to an agent, we put them right into our database; we will connect agents in our database so that we know that agent works with Keller Williams, and we did a deal with John three months ago in the office.

We start to build a lot of trust and rapport with the agents, we know exactly who we talk to every conversation we've had we track, and we just build these long term relationships, so that we get pocket listings. I mean that's... at the end of the day, you guys both know the value of agent who's feeding your pocket listing or things before they are listed, it gives you an advantage. It doesn't mean you are going to get every property, but it gives you an advantage, because you know about it before it hits the MLS.



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We look at every conversation that we have as an opportunity. If that deal doesn't work we want to get the agent to really respect and enjoy working with our company in some capacity for the future. And we will follow up with that agent even if the deal doesn't get accepted, if the offer doesn't get accepted just to build that relationship so that when they do get the next property, they may take up the phone and call us.

I'd say good portions of our properties from the MLS, the agents are calling us maybe a day before it hits the MLS, or when they sign a listing agreement, and they're picking up the phone and call on us, and that's a good position to be in, and I don't think we'd be there. It's not magical what we are doing, it's just understanding how to build trust, rapport, value, positioning your company, explaining what you do and so on and so forth from that perspective.

**Joe:** Very good. So what do you... somebody who is new into the business Than, and wants to get started making offers on the MLS, how can they get started kind of going along that track and building those relationships with realtors, do you recommend they get their license themselves, does that help a little bit get their foot in the door?

**Than:** I always recommend that people get their license, that's not going to stop you from making offers, and don't let be you're... don't say I got to get my license before I start investing. Your license is not essential to your success... sorry, I should put it this way, your license is not... not being licensed is not going to stop you from being successful, however I do believe it's advantageous for a lot of different reasons.

If you are not licensed the best thing to do is find a good agent who is investor friendly, and who understands what we do is very flexible, and can set you put first off all with all new pro... I would get a feed from them, an email feed from them for all new real estate properties in the areas or zip codes that you are going to be looking at. So you should be looking at everything, because yes you can have them filter where they just send you REOs, where they just send you remarks based on cash offer only, or something like that. So you can have these searches set up to filter your leads, but I think the best way is to just get all the listings that hit the market coming your way and looking at those.



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Eventually you should get licensed. It's going to make it much easier to comp properties; it's going to make it much easier. Agents trust other agents, I will say, we get a couple of deals a year because we are licensed, and they say you are an investor, I am an agent, and there is just a level of trust and rapport built.

One thing that's very important, it doesn't get us... I would say probably 30% of our deals come because we can offer both sides of the commission. So that's an important thing to bring up early on, and we... what we will do is just, we'll take 100 new listings, we write down the 10 to 15, and then we call on those listings that day. We have a requirement in our office; you have to be on the phone that day with that agent. Then what we do, this is our process and this isn't necessarily the process that I'm going to advocate for everybody listening to this call, but our process we will call the agents first, we call that a set call or a one off call.

We gathering the information about the situation of the seller, what's happening, filling in the blanks about the property for many pictures that we don't see on the MLS, there's limited pictures. We're making an estimate of repair cost, and then what we will do at that point is we're fueling the agent out a lot. If the agent is not investor friendly, there's a good probability that that lead will be graded as something that's called... and we'll only follow up with that lead if we have time, which a lot of times we don't.

We prospect to make sure we're dealing with an agent who understands our value, who understands what we do, which is 75% or 80% of the agents, but some of the agents we can say that's just an agents that's going to be a little bit difficult to work with, because they are so many. You have... yesterday, the day before, the day before that, and so we really, we do a good job grading our leads, that's probably one of the best things that we do and the reason we are able to buy a lot on the MLS is if you will look at all the properties you hit the market, and there is a probability chart of it being a deal, we do a good job filtering. That's where we do a really-really good job of... so they were only spending time on things that have a high probability of converting.

We have these different measures that we look for that. Then what we do is we don't go look at the property. Now if you are new I would tell you to do exactly the opposite.



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Blind offers are not going to be competitive a lot of the time, and we lose a lot of deals because of this process, but we make up for it in a number of offers that we make.

I call our offer system semi-blind in the sense that what we do is once we have an agent on the phone, we let them know our experience, we let them know how many properties we've done, they feel very confident in us. A lot of times they may have heard our name or we've worked with somebody in their office which is advantageous, but it's not enough to get the deal done, but then we'll let them know based on everything they tell us that we're going to call them back with an offer that will be contingent on a quick inspection, but we don't go look at the property, and we do this so we can make more offers.

We get the agent comfortable with the fact that we haven't seen the property. A lot of blind offers are emailed, and there is no communication or very limited communication with the agent, or you are pretending like you want to go see the property when you didn't. We let the agent know that we don't, and this is our process, and that they wouldn't... we do get either a verbal or an indication that there is—that this is really close or within the ball park, then we go inspect the property. Now if you are new, I would the opposite, your offer probably won't be competitive enough, and you... without that experience you should... so I would say for your first year two, you should be going looking at the property before you make an offer.

We only flip flop as soon as we have enough experience, enough of the track record and enough of a comfort level with the construction cost to be able to bid projects off of pictures. So then once we get a good indication, then we are out in the field with one of our project managers estimating repairs, and so estimate repairs at that point and a lot of times we may have gotten that contract, or we may have been in the ball park and then we were very close to go under contract when we were doing our repair estimate, and confirming our ARV, but we confirm our ARV right from our desk. We're really accurate on our ARV, the repair cost is really going to be dependent on the pictures, how accurate we are there of the property.



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Then we follow through with the contract, or we may be at a point where the seller says we're at the ball park, we do a repair estimate, we realize there's a lot more repairs than what we expected, and we negotiate. Sometimes there's less, most of the time there's more than we expected, and that's our process and it's... the key once again is knowing what motivates the agent, that's really the key. Some agents want both sides of the commission and the back-end listings, some agents don't... believe it or not, some agents play it... a lot of agents play it by the book.

You offering both sides of the commission may actually work against you sometimes because you may have... if you've factored in that commission, if you are licensed, we've noticed sometimes it works for us, sometimes it works against us. We've lost deals, and we look at it and we go, man we offer both sides of the commission, and had we kept our side we could have raised our offer a little bit, because we got beat out by 3 grand, and had we kept our commission it might have been five grand.

You have to really feel the agent out, and we'll wait. A lot of times we kind of hold that back, we hold the both sides of the commission back. So initially we'll have a conversation, and we won't pin point whether or not we're going to representing ourselves or not, and we'll just gather the information. If we get into a situation where hey I got another investor, he's hot and heavy, or she's hot and heavy on the property, then we'll say, hey Mr. Agent here's what we can do, we can strengthen our terms, maybe we can't raise our offer, but we can also offer both sides of the commission. The reality is a lot of agents at that point start selling our deal a little bit harder to whoever they are representing.

It's kind of a cat and mouse game with when you offer what things, do you offer both sides of the commission, and a lot of times we will, because it is very... a seller or an agent will start to sell your offer harder, or they will say hey, do this your offer is a little bit lower, but if you can put a much bigger deposit, then you can close in two weeks quicker, I think the seller will take it. We start getting that information about how to position our offer. It doesn't mean it's going to get accepted, but they are giving us clues about how to be out in multiple offer situations. So those are just some of the things we do from a MLS stand point.



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**Joe:** That's fantastic, and I agree with having a license, it helps, because there's sometimes when I call a Realtor and or I don't know if it's a Realtor and I'm calling somebody back and find out if they are an agent. I can say I'm Joe McCall with Keller Williams, and it just... you feel that kind of wall fall a little bit, because there's just a little more trust that is made between than I think.

**Than:** You bring up a really good point that a lot of investors may not recognize yet, and that's people... agents don't always look at investors with a shining light, and I would say 50% of agents are indifferent, meaning they like investors and then they like higher offers. And then there's some agents, a small percent of agents have a jaded view point of investors, because they had one guy who turned them off, who low balled and that was their experience and they are new. Most experienced agents love investors, because they can buy from them five times in a year, 10 times in a year, and that could be ten commissions versus a retail buyer who buys once every five years.

Any new investors if I ever hear the MLS doesn't work, I made 10 offers and I didn't get anywhere, and I'm trying something new, I always say the most important thing is to understand how to position yourself when you are talking to an agent, how to position yourself versus another investor, and versus a retail buyer, because those are the two people that you are going to constantly be competing against, somebody who is a retail buyer who does have a higher offer.

Well there's certain ways depending on the property that we can win in that situation, not always, a lot of times we lose because the retail buyer has a much higher price. But if it's close on price, a lot of times we can sell the agent on why there's so much more value working with us versus a one-time buyer. And so you're just constantly looking at how can I influence the agent in a positive way to really get them excited about working with us, so they do sell our offer very hard to the seller? And so that's just been one of the keys that I always share with relatively new investors.

**Joe:** I like that a lot. It's amazing. Now a question I had, is you are mostly rehabbing all of these houses, right? Or do you wholesale any of these that you get from the MLS?



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**Than:** We do, but very rarely. We tend to wholesale more when we get a seller direct mail call, or an online lead. We tend to rehab more, period. That's just because it's more profitable. I love wholesaling, but I think after— it really depends on your lifestyle. That's really the bottom line. There are a lot of investors, all they do is wholesaling. They've been doing for years because they like to travel, and they don't like the long term commitments.

**Alex:** I don't know who would do that one Joe.

**Joe:** No, you probably won't catch me rehabbing homes.

**Than:** That's awesome.

**Alex:** You can't really wholesale short sales without all the new disclosures and addenda and all the deed restrictions and all that stuff. It is more of a long term strategy. So it does take a lot of the... other people out there, they are trying to flip these things quick.

**Than:** You are absolutely right. You know for MLS deals, you are going to find it very, very cumbersome to wholesale. Yes if the property is listed by a seller who is not in pre foreclosure and they have equity, can you line things up so... can you buy it and then turn around and sell it in a double closing? Yes you can. Deed restrictions... we don't... you know people teach a bunch of creative ways or things to do, but at the end of the day, I think I would just advocate, gain rehabbing knowledge, and rehab the property, because it's going to be a more profitable deal. That's our business model.

Some people have a business model of developing shopping centers. Some have a business model of buying and holding rentals only, so our business model that has primarily been driven by rehabbing properties, and then wholesaling properties whenever we are too busy. So that's really how we've done. Other people choose to run it a different way which is awesome. You know, you got to do what fits your best.

I found on MLS, you are going to probably have to gravitate towards rehabbing or buying and holding properties absolutely. You know, we pick and buy and hold



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properties all the time off the MLS. That's going to be your business model. If you are really focused on wholesaling, I'm going to say you are going to want to spend a lot of your time getting direct to the seller through other marketing campaign. You just have a higher probability on deals to be able to do. It's a lot easier to navigate.

**Joe:** Sure. One more question I have about how you get deals on the MLS. Do you ever go after...? Because you are mentioning you are always looking for the new listings as soon as they come up, and I think it's so cool that you are following up with the people that said no. I mean even in direct mail, 40-50% of your deals are going to come from people who said no at one time. But are you also going in... Are you calling like contacting pending listings at all like if a property goes pending, do you call the agent up and say, "Hey if this falls through call us."

**Alex:** We do that, if we've already previously contacted them. So in our follow up systems, if it's... if we took 100 listings that day, and they already down to ten, and if that makes our follow up list, then yes we will. Do we go back and search the MLS? We don't, just because there's enough new listings, and although it sounds like a lot having two guys dedicated to it. We can't even get to the whole MLS. It's too big.

So a new investor I would say, eventually you want to get to the newly listings every day, but if you are a new investor, you might start off looking at things that are over 120 days listed, or 90 days listed or 60 days listed, because you will find some properties that went to contract, and then fell out to Escrow. And those are some of the best fields that we get in our follow up process. You can find those without doing new listings. You can find out ones that have been previously listed, and then re-hit the market because they fell out of contract. And you are going to a lot of times be dealing with a very frustrated seller at that point and agent, and so you are going to get a better deal.

So if you are working for the first time, I would guide you towards what you are saying Joe, to go look for properties that just recently fell out of contract, or you look for banged up properties, and you put in a back-up offer. At least contact the agent, say "Hey if this falls out of Escrow, it's worth the phone call. If this falls out Escrow, give me a call. If this falls out of Escrow, give me a call." You don't even have to make an offer,



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you just got to be in front of the agent so if it does. So we will follow up very aggressively on the ones that we've previously contacted, but not new ones that fall out of Escrow.

**Joe:** I think that's really key too. It doesn't take much time to look through a hundred properties to be honest. You are not talking about making a hundred offers; you are talking about just narrowing that down to 10 and focusing on those ten. It makes it much more manageable. What were you going to say Alex?

**Alex:** Yeah, I was going to ask him, we are talking about business traction and everything, what would be the compensation for two people working the MLS full time? Is that more an hourly structure, or a result structure or what bonuses are...? What would you say you do there or what do you do?

**Than:** That depends on the investors experience level who's hiring, and the market they are in, the cost of living. So there's no like, I wish I could just... I wish it was easier just saying hang it up, here's what you pay, 10% or 5%. Here's what I would suggest. Start out hourly regardless to make sure they are good. Start out... you want to find somebody in sales period. Or high level customer service, somebody who's done insurance sales, or maybe a really good agent who just hasn't fully developed their business yet, or somebody who's been in sales, an appraiser. Somebody who is a junior appraiser, maybe they just got their real estate appraisal license, and they've been doing it for a year, but they don't have a full-pledged business yet. Because you want to be able to get someone at a relatively inexpensive rate as you are building your business, and then as it gets more developed, they'll learn more.

For us, what I always suggest is for three to a six month period they should be paid hourly, and then you should switch the commission. And the commission rate is going to be really based on your business model. Are you doing mainly wholesale deals, or you are rehabbing deals? How much work are they doing versus what you are doing? Are you in wholesale rehab and buying whole, because then you have to come up with different structures for different types of acquisitions?



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But you want to move them to commission because at the end of the day you always want to move everyone to commission if you can, because you are going to get more productivity, and there a skill acquisition person wants to work on commission. If they are in sales they are going to have confidence and they'll work harder. They'll be there on Saturday; they'll be there on Sunday. They'll be there in the evenings, because they realize they don't get paid if they don't close deals. So after three to six months after that trial period, if things are working out, you want to move them to commission.

What most people... our students who have... work Ohio market to Florida market, most student acquisition team members are making somewhere between, I would say the minimum, 35 grand to lower six figures, you know, 120 grand for some. Our acquisition guys are going to be... a couple are going to be over six figures and a couple are going to be under, but they are going to be closer to six figures, but that's on our market. That's on our market. The type of properties we go after. When we are in Connecticut, our acquisition team members were making anywhere from 35 to 70, so that was the commission structure we had in place just based on the property values, based on what you can get, what kind of talent you can get in that area. So that's kind of gives people a perspective if they are growing their team.

**Joe:** That's good. That's good. Well, Than, where can people go to get more information? Do you have maybe a course or do you have... do you just send people to Fortune Builders? If they want to get more information about you, and the systems that you've created to do things like these with offers on the MLS?

**Than:** Yeah, so I'll give you a website people can go to, it's [FortuneBuildersMastery.com](http://FortuneBuildersMastery.com). If you are interested in coaching, consulting services, that's what we do with a lot of investors around the country. You can go there and find out. It's [FortuneBuildersMastery.com](http://FortuneBuildersMastery.com), and there's a little short video there just about what we do and how we do it. And there's an application process that people go through for coaching and consulting. But yeah, that's where people can find us.

**Joe:** Excellent, [FortuneBuildersMastery.com](http://FortuneBuildersMastery.com), and keep an eye out for you guys too because you are traveling a lot doing work shops in various cities. And I know you guys were just



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in St. Louis recently. You have a team of guys that goes around. It's not you that does that, but I've been to those workshops before and they are really good.

**Than:** I appreciate that. Yeah, we do that in various cities. Not all cities, but a lot of cities around the country, we'll do workshops occasionally in the areas. If people have time absolutely check us out, check out one of our workshops from that sampling.

**Joe:** Well, good, Than, you've been gracious again with your time, we really appreciate it. The book if everybody wants to know the link again is Than Merrill, sorry, [ThanMerrillBook.com](http://ThanMerrillBook.com), and the main website where people can go to get more information on your education and coaching which we highly recommend is [FortuneBuildersMastery.com](http://FortuneBuildersMastery.com). I got four pages of notes here. This is really good stuff.

**Than:** I appreciate. You guys do an awesome podcast, and I encourage everybody to keep listening. I appreciate your time, Joe and Alex's, and I encourage everyone to keep listening to everything you guys put out.

**Joe:** Thank you, Than. You know what, I'm going to be in San Diego in November, I think. So I'll shoot you an email to see what you are doing. I'm going to be with you know those guys at Collective Genius.

**Than:** Cool. Yeah give me a call, send me an email when you are headed out here, and we'll get together.

**Joe:** Okay Than. Thank you so much, thank you Alex.

**Alex:** Thanks too.

**Than:** Thank you guys, thanks everyone.

**Joe:** Take care guys. See you.