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Real Estate Investing Mastery Podcast

Brilliant at the Basics Part 20

Co-Wholesaling Done The Right Way Is A Win/Win

Hosted by: Joe McCall and Peter Vekselman

Joe: Hey everybody, Joe McCall here with Peter Vekselman, Brilliant at the Basics. I don't know if this video is backwards or if you can see that or not, but this is our DVD that we created, Brilliant at the Basics. And we have in here four videos. We talk about how to simplify this business, keep it really simple and make a lot of money. And it really is that easy.

Now, Peter, this is our Real Estate Investing Mastery podcast. I'm with Peter Vekselman. We do the series called Brilliant at the Basics and we're talking about this stuff. And if you want this DVD, it's free, just pay shipping and handling. You go to FreeBasicBook.com and I might be getting a new domain real soon here for FreeBasicDVD.com, but either go to one of those two, FreeBasicBook or FreeBasicDVD.com and get a copy of this book and/or DVD and learn about this stuff.

So Peter today I wanted to talk about co-wholesaling. You did a video recently on your YouTube channel talking about working with co-wholesalers, why it's a good idea and when to walk away from a wholesaler on a deal. So can you just talk a little bit about that? What is co-wholesaling?

Peter: Sure, sure. Well, the basic concept of co-wholesaling is when you're working with some local wholesalers in your area and doing deals... It can either be on acquisition side, getting deals from them or it could be on a disposition side selling deals that they may have and vice versa. It could be you working with them on your deals, utilizing them to move your deals and things like that. And the basic broad concept I'm a 100% all in on, I think we all as investors, especially those that are wholesaling, especially those that are looking for deals, absolutely need to be utilizing local wholesalers on both ends of the equations especially if you're just getting started.



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Because let's say you're getting started and one of the issues you're having is marketing, finding deals. And you may not be a great negotiator; you might not have a ton of money to spend on marketing; you may not know how to structure deals. But what I tell people, what a perfect opportunity to hook up with your local wholesalers. So now you're connecting with a local wholesaler. He does know how to negotiate. He's doing the marketing. He's putting the bandit signs out. He's doing the direct mail. He has already networked. He is making tons of offers and he's got deals on the plate.

So one of the quickest ways I tell people to accelerate or to jumpstart their own business especially when you're looking for inventory is to connect with some local wholesalers, because what they're into, they are into moving their deals. They are, like myself, I'm a volume guy. I'm not looking to make a \$100,000 per deal. We are just looking to make a decent amount on every deal and we do a ton of deals.

So individuals like myself who are wholesaling deals, any really legitimate wholesaler in the marketplace is always, always open to having help with their deals. So on acquisition side, absolutely, I think when you're getting started, you should connect with local wholesalers and work with them in terms of moving their inventory. Now, that's kind of the basic concept...

But if you want to really dig into it, let's say you're a more experienced investor like myself, we kind of... We don't want to just move any wholesaler's deals because with moving other people's deals comes with some issues and these are the things you should be aware of.

At first, you got to handle and work through, but one of the biggest issues that you hear all the time in this business is you get caught in things called 'baby change,' meaning you're working with a wholesaler who you think is working with the owner. You're spending your time, effort, energy moving the deal. Let's say you find an end buyer, and as you're going to closing, also then you realize that this wholesaler you're working with really doesn't have the deal directly with the owner. He actually had it to another wholesaler, and that wholesaler may not even be aware of the fact that you have a contract in this deal.



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So what we do to prevent that and what I always encourage people to do that, and believe me when you're dealing with legitimate wholesalers, there's never an issue with that. We always tell wholesalers if we're getting a deal from them that we want to see, specifically see their contract that they have between themselves and the owner. And then we actually go as far as contacting the owner to make sure that they are aware of the deal, that they are aware of the wholesalers. At a point in time, we actually take control of the deal.

Now look if you're just getting started, I'm not saying you're going to go to your biggest wholesaler and take the deal over from them. But again if it's a legitimate wholesaler, they have no problem you doing due diligence to make sure that they're legitimate, the deal is legitimate and all that. Here is the other thing about that; you only have to do that once or twice. I mean there's wholesalers we're working with today that we never have to check that. We never have to make sure that they have it direct because we've worked with them for years on this. So that's kind of the kind of due diligence you want to do up front.

But anyway the premise is especially if you're getting started, absolutely on the acquisition side, you should connect with as many local legitimate wholesalers as you can; you're cutting deals with them, profit shares, okay? In terms of when you have to move the deal, what will they pay you? Some of them will pay as much as 50%. Someone like us who get to ride the tremendous amount of value to other wholesalers, we only pay \$1,000. But let's face it, if you're a brand-new investor, your number one goal is to get deals done, not to make this a source of a lot of money. But just the experience you could get by going through the process a few times is well worth it.

Now on the other side of the equation, the selling of your deals, a huge, huge proponent of that, we do a ton of deals even to this day with local wholesalers on the disposition, on the sale of a property. And the concept is very simple and it's the 1% reason that so many new investors or a lot of investors admit. They even have this negative connotation for its wholesalers. But the concept is very simple; you want to leverage in this business as much as possible. And when you're working with other wholesalers, you have the ability to leverage off your database. It's as simple as that.



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So no matter where you are in this business, whether you're brand-new and you only have ten investors in your database, or you're a more savvy investor and you have 500 or 1,000 investors, while you are at our level where we have thousands of investors, anytime you connect with another wholesaler, that automatically leverages your list, because now there's another 100 investors. There's another 400, 500, maybe 1,000 other investors.

And again on that side, you're doing the same thing; you're just cutting deals with them. You let them know, "Hey, I'm going to have inventory, because maybe your strength is marketing and getting deals done. So if you're going to just cut a deal, listen, my responsibility is to do the marketing, do the negotiating, getting the property locked up. All I want you to focus on is developing that database."

And actually here in Atlanta, we literally have that where we work with wholesalers that because of our relationship with them, we have 100% start looking for deals. Totally, if you talk to them today, they'll look for a deal inventory. They spend 100% of their time out there developing databases. And so again on the sale side, connect with as many wholesalers as you can, do some kind of a profit share with them, and utilize their database as a way to get your deals out to the marketplace and leverage your time and efforts.

Joe:

That's really good, it's about... I love the idea of networking. It's something that I think a lot of real estate investors forget about. There's a group that my brother in Tennessee goes to. It's a real estate investing club and it's called 'Deals, deals, deals' and I love that. And the whole purpose of this group is to sell your deals or buy deals, and it's called 'Deals, deals, deals.' And I think if I ever started a REIA group, that's probably what I want to call it as well, right? So always be looking for people out there that maybe have a deal that you have a buyer for, or maybe they have a buyer that you have a deal for and there is lot of ways that everybody can win.

And doing it properly, doing it the right way, everybody can win and make a lot of money doing co-wholesaling the right way. So that's good, Peter, very good. That was a great little quick something, a tip about keeping things basic and simple, right? I know,



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Peter, before you were doing direct mail, you were doing most of your deals just by pretty much co-wholesaling. You were sending out emails every week. "Do you have any deals? Do you have any deals?" and you get some deals, and then you'd send out emails selling your deals. And it was just a matter of putting the right people together.

So Brilliant at the Basics, get a lot of really good golden nuggets. And I want to say knowledge bombs in a good way, knowledge bombs from Peter Vekselman, the one and only. For FreeBasicBook.com or FreeBasicDVD.com, get this DVD, get the book. I don't have the book with me; I need to get it. It's been good, Peter, thank you very much.