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Why You Should Consider Investing In Small Towns

Hosted by: Joe McCall

Hey, what's going on guys? Joe McCall, REI In Your Car and I'm going to talk about small towns on today's podcast.

Hope you guys are doing well. I'm on my way actually to pick up my boys. My boys are 15 and 13, is that right? And we just turned 14 holy smokes 15 and 14 we go to this church in Saint Louis and they have a summer camp and summer camp is about four weeks away and they already are having rehearsals. It's a huge production for the drama and the play and the worship and the just, it's insane like 6,000 kids. It's so much fun it's like the highlight of the year for our church and we always take a couple of weeks off to help it's just a blast. 6,000 kids, like 1,500 volunteers. People from all over the country come. It's so much fun and only like 15% of all the kids that go actually go to our church. So it's an outreach event and it's just a blast anyway, so they're practicing there.

I've been thinking a lot about small towns and I just released a course. It's closed right now, but you might want to check it out because there might be a waiting list, but if you go to SmallTownProfits.com there might be a waiting list there. SmallTownProfits.com. Anyway, Larry Goins is a friend of mine. When I was first getting started in real estate, I devoured all of his courses and loved his webinars and super cool guy from South Carolina, North Carolina actually he lives in Charlotte. So I've always been, you know, admired Larry because he's a great teacher and he does a lot of deals too. So we became friends over the years and we were in a couple of masterminds together and he was telling me one time about the deals that he's doing and he was saying how he intentionally ignores Charlotte and he goes after all of the surrounding communities, like seven counties around Charlotte.

And he intentionally ignores the big MSA. An MSA, I think stands for metropolitan statistical area or something like that. And he intentionally ignores that because that's where all the competition is. That's where everybody is fighting over each other and the sellers are getting tons of postcards and it's just insane, right. But in these small counties, he's doing deals making \$15,000, \$20,000 profit on deals in small towns of like 2,000 people, not kidding. And how much competition do you think he has? Very little compared to the bigger cities, right. And so I was talking to him about it, and we were talking about direct mail and you know his response rates, I don't know the numbers exactly, but he's getting a couple hundred leads a week and he's sending about 35,000 postcards a month. So he's spending good money on marketing, but he's making really good money and he's



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closing these deals over the phone and he's like, he doesn't go see these houses? How is he closing them?

Well he's just negotiates them over the phone because there's not much competition. And because it's small town America, people just are different there. And he can close these deals with just one or two phone calls. And most of these homes are vacant. They're just people that have moved out of the town and nobody, you know, they haven't sold their house yet. So he's doing really, really well. He's got a couple sales guys on the phone, he's got some disposition guys who help sell and Larry just loves talking to sellers. So he's always on the phone closing deals. And I've been to his office, he's got eight people or so working in his office and just guys on the phone all day, you can hear them talking to sellers.

So I was like, Larry, this is so interesting. I said, what do you like, how do you get the contract signed? And he said he used to send FedEx and when he got a seller that said yes, he would send a FedEx envelope to the seller with a postage, pre postage paid postage, prepaid, whatever, to send it back. And only about half of those sellers would actually even send the FedEx back after saying yes and agreeing to a price on the phone.

So he doesn't remember this, but I remember I gave him the advice or the tip of hiring a mobile notary. And so he started doing that and he started within two hours he found a company could actually helps people nationwide find notaries. They will send a mobile notary to that house no matter where in the country he wants them to go within two hours. And if he pays them a little bit of extra money, he can get that mobile notary to take pictures of the house.

So he's using a mobile notary to get these contracts signed within a couple hours of getting them to agree to a price on a phone just super fast, right. And then they have somebody that goes and they inspect the properties even after they're under contract. But it's such a simple business model. And I was talking to him, I said, Larry, this is awesome. Like everybody's complaining about competition, which is why I love lease options, right. But like you're just ignoring all the competition and you're going and he's still doing. He's buying them for \$15,000, \$20,000 grand, selling them for \$40,000 to \$50,000 grand. Okay, hold on a second. So here's what is getting me excited about small towns because you also got guess what, my second favorite strategy for doing deals is vacant land. Flipping vacant land. And what do you get in these small counties outside of the big MSA's?

A lot of vacant lots, right. And what do you do with vacant lots? You flip them or you buy him super cheap at like .15 .20 cents on the dollar. A lot of these lots, Larry buys, he pays like \$500 for



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them. And he's got such a cool way that he asks sellers or tells sellers about. Like these sellers, they don't know what to do with those lots they can't do anything with them. So he buys them for super cheap, like \$500. And if they have things on the property that they needed to have torn down sometimes the sellers would just give him the lots with the house that they're trying to buy or sell or whatever. Anyway, a lot of vacant lots. And here's the cool thing you can sell those vacant lots on owner financing. You can sell buy a lot for \$500 bucks, sell it for \$10,000, \$15,000 thousand dollars on terms \$500 down, \$150 a month.

You know, I don't know what interest rate that is, but over five years and it's maybe 10% 15% interest rate. But if you look at your return on investment on something like that, it's insane. So I've just been thinking a lot about this lately because of my first wholesale deal was in a small town it was a little three family. I think I talked about this recently on a podcast. I talk about it a lot I love this story. Seller was begging me to buy their house. I was making every mistake possible. I thought, you know, I don't have any buyers. I don't have any title companies. I don't know how to use, I don't have the right contracts. I had every excuse possible, but still found a way to make it work. And there's just so much opportunity there. Don't feel like you can only do deals where you live in your backyard.

You know, one of the things we're doing with our coaching clients right now is helping them set up marketing systems where they can wholesale deals in any part of the country, anywhere you have the entire United States in your backyard. So let's say the goal is to talk to five sellers a day, right? Let's say you don't have much money, you're just starting out, you don't have much money for marketing. And about all you can do is maybe send emails and text messages and cold calls to Craigslist, landlords and for sale by owners. And you go into your city, let's say you live in Kansas City and you could only text maybe 20 people a day on Craigslist and Zillow and you run out of that list pretty quickly and you run out of, you know, new, fresh phone numbers that are unique and you haven't texted before. But what do you do?

Well, there's a little plus and minus button in Zillow on the map. You just zoom out, zoom out as far as you can until you get another 50, 75 text messages that you can send and you just find out what that number is. Like if you have to send a hundred texts to get five leads, then every day send a hundred texts and if you have a hard time finding a hundred leads to send texts to then zoom out, zoom out and look for new markets, more markets. I have students that pretty much pretty consistently it's general good rule of thumb. If they're in at least three different markets they got more leads than they can handle. It's hard to keep up with that, so just one week go after one market and another week go after another market and then another and then recycled back to the first.



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That's going to give you plenty of leads. Here's the thing, you have the whole United States open. You don't have to do a bunch of direct mail like Larry's doing. You could just contact for sale by owners you can contact rentals. You can even go in after properties that are listed with realtors and make offers, make cash offers, make owner financing offers, lease purchase offers. You have zero excuses, none if you don't ever want to do direct mail ever again there's enough leads on Craigslist and Zillow that you can just have a heyday there. Cool that's all I wanted to share. If you're interested in two things, I'm going to give you links.

Number one, if you're interested in checking out this course at Larry and I did called Small Town Profits, go to SmallTownProfits.com number two, if you're interested in working with me personally as a one on one coaching client, what we do, I work with a business partner friend of mine named Gavin and we take on clients, we work with them, we set up their systems, we set up their marketing and we give them virtual assistants.

They come to Saint Louis for two day implementation workshop. We work together with them. They get Voxer access to us and then about three times a year we get together for a mastermind. We have weekly calls it's really cool it's awesome. And we get to partner with a lot of our clients on deals. You don't have to partner with us, but it's a great way that we get to do more deals with our coaching clients.

So if you're interested in that, I'm going to send you to a link here where you can watch a video. Gavin and I did talking about how we did \$155,000 in wholesaling fees in a couple months. And we're going to share with you exactly the same strategies that we did and how we did it. Go to VirtualCaseStudy.com VirtualCaseStudy.com. Cool. We'll see you guys, bye bye.