



Z-Code Question #3— You Should Probably List Your House with a Realtor Instead

Hosted by: JP Moses
Guest Speaker: Joe McCall

Joe: Welcome! This is the Real Estate Investing Mastery podcast.

What is up, everybody? How you doing? Joe McCall here, Real Estate Investing Mastery podcast coming at you from my car. So, this is kind of like a REI In Your Car podcast, but this is a little different cause I'm just recording right now an introduction to a Q&A video that a friend of mine and I did and it's all about The Z Code.

So just to give you a little context, this is the third podcast in this series. The first two I was just answering some questions. But I created, a few months ago, a little simple course called The Z Code. Have you heard of it? It's really awesome actually. It's a code... It's a course called The Z Code about how to find motivated seller leads for free on Zillow. And there are a lot of opportunities. I mean you think you know Zillow, you really don't... Probably not. And, excuse me...

JP Moses is a friend of mine. He works with a company called Awesome REI. Patrick Riddle is a friend of mine that he owns. And just a really, really good company. And I like, I love these guys. So, they approached me and said, hey, let's create a course on this crazy awesome stuff you're doing with Zillow. I said, great. And we came up with the name Z Code. We sat down and we recorded the content and it's a really good course. I challenge you, I encourage you to go get it right now. Go to zcodejoe.com. It's \$97... zcodejoe.com.

All it does... not all it does, but like the main thing it does is teach you how to get motivated seller leads from Zillow. And it's crazy. It's awesome talking about motivated seller leads. So, I'm not talking about posting ads or you know, becoming a premier agent on Zillow or anything like that. And there's a lot of opportunity there right under your nose that you may not even know about.



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Joe: So, one of the things that happened, we got a lot of students bringing in questions. So, JP and I recorded some videos where he was asking me some questions about some common questions that people were asking about Zillow and stuff like that.

And also lately in the news and social media circles and stuff like that, a lot of people have been kind of fretting and talking about this whole thing that's going on in Illinois, whether, you know it's illegal to wholesale and you have to get a realtor's license and stuff like that. So on the previous episode, we talked a lot about that, but on this episode we kind of talk about it a little bit in a little different way and the conversation kind of steered a little different direction where I actually started talking, I mean, as is typical I was chasing rabbit streams or um, you know, rabbit trails.

And so, I kind of chased a little rabbit trail on this podcast and I talked to, started talking about how I talk to sellers. And one of the crazy things that I have found works really, really well for us when we're doing deals and when we're talking to sellers is the art of the pull away. You know, the art of being the reluctant buyer, the art of going for no. Right. And it sounds totally counterintuitive when you tell a seller that, you know what, you should probably just list your house with a realtor. And you may be thinking, why on earth would you say that? And what does that have to do with the main question that you said you would talk about at the beginning of the video where, you know, can I do deals in Illinois as a realtor or not? Do I have to disclose or whatever?

So anyway, I think you'll find that A: I answered the question in a nice general roundabout way, but you're going to get some good, good, uh, tips and tricks on how to talk to sellers and how to control the conversation. Okay. So, this is going to be really good for you. I want you to check it out. If you're listening to this on audio, we just stripped the audio from the video, but there's nothing really to see in the video anyway, I don't think so. The audio is just fine, right, and you'll get some good stuff.

Here's the cool thing. You know, once you learn how to get leads from Zillow, from the zcodejoe.com, zcodejoe.com... Once you start getting leads from Zillow, what are you going to say to them? How do you talk to them? And that's what we cover in this video and I hope you get a lot out of it and hope you enjoy it. Again, zcodejoe.com. We'll see ya. Bye Bye.



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JP: Well, Mr. Anderson, you've got a fantastic house and it's really in a great neighborhood. It needs a little repair, but I really think you'd make more money if you fixed it up and listed with a realtor yourself. Have you ever thought about that? That's exactly the counterintuitive conversation that my friend Joe McCall has every time he sits down with a seller now and it works brilliantly for him. How does it work? Let's talk about that.

JP: Steven H says, I'm in Illinois and not a licensed realtor currently while studying to become a broker. Are you aware if I can work outside my state and still do deals without being a licensed realtor in Illinois? If so, why would I ever get an Illinois license?

Joe: Yeah, that's a great question. So, I mean, if you believe, which I do, that you don't have to have your real estate license to do wholesaling, then you can certainly go out into any state in the United States and do deals there. Again, just remember this, the wholesaling, like all of the states have really very similar laws that say you can't represent somebody else for a fee when you're doing a deal, right? So, you can't go out and say, I'm going to put this buyer and the seller together. You know, that's brokering. You can't do that, right?

But if you go out to any state in the country and you approach a seller and say, "Hey, I want to buy your house", you can do that. You then give them a contract, you buy their house, um, then you have the right—contractual law 101—that you can either assign that contract to somebody else unless the contract, unless the written initial contract says no, you can't assign it, you can assign it... Unless it prohibits you from assigning it. So, you can assign the contract and or you can double close.

So, you know, different states have different laws. So, could I from Missouri start, going into Illinois and wholesale without a license? Well, people, the Real Estate Commission in Illinois is probably going to say, no, you can't. And if you do, we'll go after you. So, okay, what does that mean?

Well, I can't do wholesaling in Illinois. That's fine. I don't like Illinois anyway. I hate the Cubs. I hate the Blackhawks. I hate the Chicago Bulls. I'm just kidding. But you know, I don't like Chicago because they have a horrible baseball team and they're trying to knock the St Louis Cardinals out of the first place in the division right now. So anyway, whatever, I don't want to do deals in Illinois, but guess what? I've got 49 other states I could do deals in and there's so much opportunity in Missouri, which has the St Louis Cardinals and the Kansas



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City Royals. Why would I want to do deals in any other state? We've got the St Louis Blues, National Champions, Stanley Cup hockey, let's do deals here in Missouri.

JP: Well, so here's I think an important...

Joe: You're not laughing, JP, so you're making me feel dumb, these are really bad jokes.

JP: I'm not a sportsy guy. Anyway. I think an important subset of the answer to this question for Steven is if I do deals in another state, are the laws in my state about what I can and can't do in deals in any way interacting with that and my non-legal opinion, right? This is not... this is my opinion, not professional legal advice, is that what you have to worry about is the laws of the state that you're doing business in.

So, for example, if in Illinois they have specific requirements about how documents are notarized, then you've got to follow those rules. If you're doing business in Illinois, even if you're doing it from Missouri and vice versa, not, you have to make sure and check all the boxes from Missouri for deals you do in Illinois. Is that true?

Joe: Yeah, for sure. You have to obey the laws in whatever state you're doing the deals in. But you know a lot of, uh, I think all 50 states have rules with each other and for the real estate licensees where you can get referral commissions. So, if I refer as an agent, a client to another agent in a different state, their laws allow me to get a referral commission for sending that client to another realtor. Right? So, there's some kind of intra-state laws regarding that kind of stuff. But obviously like almost every state has licensing rules that say you can't broker without a license. Cool. Right? So, it's the same thing. You go into that state and you make an offer to buy a property and here's what's important. Then you turn around and you sell that property, you close on it and you sell it.

When you're coming into any kind of deal... this is important in all 50 states... you have to come into the deal with the intent to actually buy the house. And you have to have the means to actually buy the house. Alright? So, if any state commission looks at you and says, wait a minute, it's the intent and it's the means, like you've wholesaled 50 properties in the last year. Did you really have the intent to close on those deals? You just assigned them. So that's wholesaling or real estate commission, who is by the way, is full of realtors. What are they going to do? You could argue until you're blue in the face. Hey, I can, I have equitable interest. I'm a principal in the transaction. I can do this. They're not going to care what you



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think, right? They want you to get your license. So, but anyway, you, if you come into the deal where you actually close on it, you have the means and the intent, you close on it. There's nothing wrong. There's no law in any state that says you can't turn around and sell that for profit.

Joe:

And like I, I've been on the phone with several different state agencies, real estate commissioners from different states asking them that question, is there any problem with me getting a property under contract closing on it and immediately turning around a second later and selling it by owner to somebody else. Do I have to have a license to do that? They've all said no. Now Illinois may be different. They're still trying to figure that out. They passed the law. Now the real estate commission is trying to figure out how to interpret it I guess because it's really vague. It's weird how vague it is. So, get a license but then buy it for sale by owner and sell it for sale by owner and you'll be fine.

And then by the way, this is important too because I do deals sometimes where I use realtor's contracts. Okay. But in the section where it says all the broker stuff that you got to put down, I write down in a big black sharpie non-brokered transaction. Okay. I disclose that I'm an agent, but on that paperwork I'm going to write on there really bold, non-brokered transaction.

And then another thing that you gotta be careful of if you're doing deals as a, as a licensed agent, but you're doing it for yourself. Disclosure is everything. Disclosure is super, super important, okay? So, what I like to do when I'm talking to a seller, by the way, I'm always telling them, you should probably list your house with a realtor. If you really want the most money possible, you should list it with a realtor cause I'm not going to give you the highest and best price for this property, okay?

In exchange for speed and convenience, you're going to give me a good price. So, I'm going to give you speed and convenience. I'm going to close fast. You're going to give me a good price. If you want more money, you should list it with a realtor. You should put it on the MLS, right? Then you need to disclose that you're going to make a profit.

I have a friend in, uh, in California. He tells on his contracts, he says, I'm going to make a lot of money on this deal. I don't remember the exact language, but I might, I might make \$100 million on this deal. Something ridiculous. I'm going to make a lot of profit on this deal. And you are okay with that, right? And he makes it and makes them initial it.



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JP: The other thing, by putting a big number on there, he even kind of makes it a fun, funny kind of experience for them to check the box.

Joe: It basically says, listen, you don't have any problem with me making a profit on this deal, right? Even if it's \$100 million. Are you okay with that?

JP: That's super smart.

Joe: So, then the other thing he tells him is, um, you know, let's them know "I am a realtor. You understand that I'm not representing you. I'm only representing myself." And the other thing that you, you gotta be careful too is like sometimes realtors might get in trouble if they are accused of lying to the owner and telling them that your house really isn't worth \$200,000 it's worth \$150,000, okay?

So, if you want to cover yourself even more, you could give the seller as part of your contracts, all the comps. Go ahead and print a couple of three pages of comps and tell and give that to the seller with your paperwork and contracts and say, listen, I just want you to know here are the comps of what properties are currently selling for, okay? Boom, here you go. Here's the comps.

Joe: And you can even tell them, "Listen, I think if you fix your house up, you could probably sell it for \$250,000 I'm going to buy it for \$150k..." But this is why I always tell sellers you should list your house with a realtor. I always tell them that because then if they say, no, I just want to sell it, I got to get rid of it. I don't want to take the time and the hassle of fixing it up, you know, I could, they can never come back to me and accuse me of taking advantage of the seller. Cause I told them to list it with a realtor. I gave them the comps, I told them I was going to make a bunch of money on it and I disclosed that I'm a realtor and I'm doing this for sale by owner. I'm doing this by owner.

So, disclosure, disclosure, disclosure. It's okay to disclose to a seller that you're going to make profit on this deal. It's totally okay to do that. And uh, you better do that cause that's going to save you a lot of, um, trouble and hassle down the road.