



www.RealEstateInvestingMastery.com

Here We Go Again...Oklahoma Is Trying To Make Wholesaling Illegal

Hosted by: Joe McCall

Hey, what's up, Real Estate Investing Mastery Nation. How's that for a title? Hope you guys are doing well. Hey, listen, on this podcast, I'm gonna be talking about the importance of doing what you say and saying what you're doing, and especially when it comes to wholesaling. We're starting to see tougher and tougher regulations and laws coming out of different states. We'll talk about that and how not to be a douchebag wholesaler. How's that for a title?

Alright. Hi, guys. I'm Joe. This is the Real Estate Investing Mastery podcast. I'm driving in my car. I just dropped my kids off at a birthday party. Two of my four kids. So, I'm just driving home. And I'm planning on... today is Saturday. But I'm actually going to work a little bit today because we're taking off for a week next week, going to the mountains, going to Colorado for one of those, you know, one of those dude ranches where they just take care of everything for you. You do a bunch of stuff all week. They don't have any t.v.'s. I think they maybe have cell phone coverage. I don't know. So, I'm looking forward to that. Got to get a little bit of work done before I leave, though.

And I was just, a friend of mine texted me who lives in Oklahoma, in Oklahoma just recently, some legislatures or some committee in the Senate or a House legislature, whatever it is, the state legislature in Oklahoma, some committee just passed a proposal to submit to the Congress or to the legislature there to pass a law. And they've called it like the oh, I forget the name of it, like the Illegal Wholesalers Act or something like that. Like it's specifically targeted to wholesalers. And the committee passed it seven to zero. Now, it's not law in Oklahoma, so don't freak out. Everybody relax. Take a deep breath. It's not passed yet.

But they, this committee, has offered this bill and they want the, you know, the local folks there to vote on it. The legislature, which is no big deal. And we're seeing this happen more and more. And it happened in Illinois last year. And they're just cracking down on wholesalers. And they, you know, part of me is thinking, you know what, they should because wholesalers are stupid sometimes. And here's the problem. When you talk about the problem and how to avoid it and how to do things the right way, nobody is ever saying that you can't buy a property without a real estate license.

You know, all these people are trying to do is stop brokering without a license. They want to stop brokering, illegal brokering activity. And you could argue that wholesaling, if not done the right



REAL ESTATE INVESTING MASTERY

www.RealEstateInvestingMastery.com

way, is illegal brokering. You're actually putting together a buyer and a seller and you are getting paid a fee for that or whatever. Right. So anyway, so there is, there are some issues with that that you got to be super careful with. And if you want to do it right, then you need to actually, there are two things that are important. I've talked about this a lot before.

Number one, the means. You have to have the means to actually close on the property. Number two, you actually have to have the intent to close on it. So, you have to have the intent that you're going to close on. And the means, which means a couple of things. When you are talking to sellers, you're negotiating with them. You always need to be the one who's buying the property. You're the one with the funds, the money, that is going, that it's going to buy the property. Right? And it doesn't mean you have to. But that's your intent coming into the deal. So, you can't put stupid clauses in your contract like it is subject to approval from a partner or subject to, you know, me closing on this thing is subject to me finding another buyer. You can't put that kind of stuff in there. You have to have the intent to actually close on it yourself. Alright?

And then number two, you have to have the means. In other words, you've got to have access to the money to close on the deal. That doesn't mean you have to have the \$80,000 in your bank account. What it means is you have to have access to the \$80,000 to borrow if you need to. So, you need to have a hard money lender, a private money lender or your own money, a line of credit or something in your back pocket that you can actually borrow the money on the deal if you have to. This is a really big deal because and this is why wholesaling has gotten out of hand in almost every part of the country, is you have so many people out there teaching wholesaling is like the best, fastest, easiest way to make money in real estate.

And guess what? It is! Wholesaling is awesome. Right? But the problem is this. So many broke people are out there trying to wholesale. And I'm not saying... Like I want to be careful with this. I'm not saying like if you're broke, you can't do wholesaling. Not saying that at all. But there's a lot of people out there that don't understand this, that are doing this. And they're tying up properties. They're getting them under contract and they're stringing the sellers out. They're tying the property up. They can't close, you know, in 30 days because they don't have a buyer yet. You know, and they're just so hungry to do a deal. They'll negotiate. They'll get it under contract for any price. And even though it's a ridiculously, it's a ridiculous price, they'll never be able to resell it. But there's a lot of deals that are happening.

And why is this type of legislation occurring? It's because what happens is these sellers, they have a real hungry wholesaler, a new wholesaler, you know, from out of state or something like that, get these properties under contract. And they think it's a good price because they're basing their



www.RealEstateInvestingMastery.com

estimate on Zillow or whatever. They get it under contract with a ridiculous contingency, a 30-day inspection contingency or, you know, contingent on me finding a buyer for it and they keep on, you know, they go back and say, you know what, I'm sorry. Can't close. Can we lower the price? And lower the price a little bit. They still can't find a buyer. They string it out some more. We just need a few more weeks. And they keep on stringing these sellers out 60, 90 days, maybe even more when these sellers need to sell the properties. Like asap. And sometimes they're going into foreclosure or they're getting behind on their payments because they haven't been able to sell it yet. And this wholesaler is stringing them out and can't close and then they just walk away. They cancel the contract.

And you talk to a lot of investors that are professional investors. You know what I mean? Like are actively buying deals. And they we run across this all the time. Sellers who tell us stories like, you know what? This is the third time I've tried to sell this thing or you're the third wholesaler that's given me an offer like this and the last two, they couldn't close and they walked away. How do I know you're actually going to close or what not?

So, what happens is these sellers are getting in trouble from their lenders because they can't sell the house as soon as they thought they could or from unscrupulous wholesalers that promise them that they could get some money on the deal and they couldn't. So, see the problem? And then the other big problem is this. Daisy chains. You know what I mean by that? Daisy chains. We have wholesalers that advertise other wholesalers' properties that advertise other wholesalers that advertise other wholesalers' properties. And there's this long daisy chain and the price keeps on going up. It just screws everything up for everybody.

So, I never, ever teach or recommend you do those daisy chain types of things. You know, if you're gonna JV partner on a deal with another wholesaler, you got to make sure that you have a contract directly with the seller or you're dealing directly with the one person who has that under contract, not a bunch of other people in line who get some kind of assignment fees, who keep on bumping the price up and all of that.

So, these kinds of practices of daisy chains of not closing on the deals and keep on pulling the seller along... This is what's causing this kind of legislation to come into place. And again, they're not, this legislation... Don't freak out. It's not saying you can't buy a property and then sell it for a profit. It's just saying that if you're going in the business of wholesaling, they're trying to say you have to have a real estate license, which, you know, has some drawbacks, but also has some pluses. You know, I could see this as... I see this in Illinois right now, or investors, you know,



REAL ESTATE INVESTING MASTERY

www.RealEstateInvestingMastery.com

professional investors, I guess you could call them, real wholesalers are saying this is good because I have my license now and I can go to these... I've got a lot less competition, number one.

And number two, they can go to these sellers and say, hey, listen, all these other schmucks, they're just trying to, you know, flip the contract. And, you know, if they can't find another buyer to sell their contract, they're just going to walk away from the deal. But me, I'm not like that. I'm a cash buyer. I have real money that I'm actually going to closing the deal. I'm not going to flip it and sell it to someone else. And I have my real estate license. I've been trained, I have a code of ethics that I have to adhere to. You know, if I ever do anything wrong, you can report me to the to the board of realtors or whatever, you know, et cetera, et cetera.

So, there's a few things you've got to keep in mind about this, right? Number one, you need to make sure you're working with an investor-friendly broker. You've got to hang your license with an investor-friendly broker that understands and lets you do your own deals. Right? Now, here's the thing. You can get these deals under contract. You're going to buy them. Don't string out a long inspection contingency. Just do a couple of weeks. You should know in one or two weeks whether through an inspection, whether it's a good deal or not, whether you want to continue closing on it. And also, you should know whether you would be able to get the money from a hard money lender on the deal or not. Right? So, you should know within one or two weeks. You shouldn't have an inspection contingency longer than a couple weeks.

Sometimes I do 15 business days on my contracts. But if you know, if it's not a good deal, I'd let them know and I cancel the contract before that inspection contingency is up. And also, on my lease options, I don't lock the property down. I don't tie it up. It's a flexible option. I tell the sellers: listen, you can cancel this contract anytime, just an option agreement. So, I'm not tying up the property and also with lease-option deals, I typically will hire a realtor to market the home for me and find a tenant even though I have my license. But that's something that you can think about. If you're doing lease options, just hire a realtor. You should outsource that anyway. Taking the calls, showing the home, reviewing the applications, all that, you should outsource it anyway. So why not outsource it to a realtor licensed agent?

So anyway, here's the here's the thing, too. You also got to think about like with borrowing. Well, with getting these deals under contract, you have to have the intent and the means. And the good thing about working with a hard money lender is that if they won't lend you the money for the deal, it's not a good deal anyway. So, you should know within a few days if you have a good relationship with a hard money lender that's local in your market. Right. If they look at it and they say, you know what? No, I'm not going to lend on this. There's not enough room. There's not a



REAL ESTATE INVESTING MASTERY

www.RealEstateInvestingMastery.com

good deal. You need to get out of it anyway. So, this is something that I wish everybody would understand. You've got to make sure it's a good deal. And sometimes the hard money lender is that filter that you need to tell you whether it's a good deal or not.

The other thing I'll say, too, is if you're listening to this, you're new in the business, you're kind of overwhelmed and freaking out because, you know, all these laws are coming out and maybe you're new and you're inexperienced and you don't know if it's a good deal or not, you don't even know where to find the money or what not. Right? And you've bought these courses that tell you just to do this, what I'm telling you not to do and all that. Well, here's the thing. What you could do is you could find local wholesalers to partner with on these deals, find local wholesalers who already have the buyers, who already have the money, who already know maybe even they already have their license. And they know how to double close. They know how to do assignments the right way. They can close on the deal if they have to. And then turn around and sell it.

So, you know, find somebody in your local market who's already doing wholesaling the right way, an ethical wholesaler and partner with them on these deals. And you can put it on a deal by deal basis, sign a JV agreement or something like that. That's what I teach in my automated wholesaling course. And that's just going to help you, you know, figure the stuff out, because then you could find out after working with that local wholesaler who, you know, who the lenders are, the hard money lenders they use, who are the title companies they use to close these things, who are their buyers, are the contracts that they use... That kind of stuff. That makes sense. There are ways you can do this. You got to be smart about it.

The other thing I'll tell you, too, is sometimes what you can do if you know how to do it and you set it up. Right. Let's say you have a buyer that has the money that's looking for deals. You could use that buyer's money. He could be your hard money lender. Do you understand what I'm saying there? So, if you have a buyer, you know, once that property... close on it and let them be the hard money lender on the deal and you got to work with the title company, make sure you're doing it aboveboard. But, you know, you're selling these things to cash buyers. You're selling them to investors. So, you're not, it's not like you're selling it to somebody who's going out and getting a traditional Fannie Mae/Freddie Mac loan and there's FHA seasoning requirements and all that. These are typically lower-end cheaper properties that you're selling to investors who are going to do the rehab or are gonna be a landlord and all of that. Does that make sense, what I'm saying?

So even though we're seeing things like this coming in down the pipe in Oklahoma, I've already seen it happen in Illinois. Just relax, you know? And by the way, we should fight this legislation; I'm not saying just let them get do whatever they want. I think it's ridiculous. The Realtor



REAL ESTATE INVESTING MASTERY

www.RealEstateInvestingMastery.com

Associations have a monopoly on real estate and they're doing whatever they can to hold onto their power. And I really do predict in 20 years the whole realtor monopoly and cartel, I called the realtor cartel, will collapse because it's just, it's not right what they're doing.

And you see there are several big, huge lawsuits going on right now from the same law firms that took on big tobacco and other huge pharmacy lawsuits and things like that and won billions and billions of dollars. These law firms are now going after the realtor's associations and they're going after the big brokers claiming anti-competitive anti-market, whatever illegal things where they know they're controlling its monopoly. Right? And like, they force the seller to pay a buyer's agent commission or they force the buyer to pay a commission when they don't whatever, you know? So, there's a whole bunch of that going on right now.

And these lawsuits. It's big time. And I've been reading and even in realtor friendly magazines and articles and web sites saying we need to be concerned about this because this could change everything. So anyway, that's my political two cents. You know, here's my recommendation. I think bottom line, number one, go ahead and think about getting your license. I don't think it's a bad idea. Get your license. Make sure you're hanging your license with an investor-friendly broker that doesn't have, you know, requirements for office hours and you have to be in there, doesn't require you, you know, gives you a fair split of the deal, at least minimum. You get 80 percent; they get 20 percent. You may have to pay them a few hundred-dollar fee on every deal that you do, even if it's you're buying it by owner and you're selling it by owner.

But that's OK. Not a big deal because sometimes, you know, you can wear your realtor hat when you need to or you can wear your investor hat when you need to. There are certain rules that you're going to have to follow. You're going to have to always disclose that you're an agent. There are certain advertising rules that you have to follow. Maybe I shouldn't say this, but... Sometimes I don't because it's ridiculous. They require you and all your marketing to put who your broker is. Sometimes they require this: on all your marketing it has to be a certain size and it's stupid. You know, because I'm buying by owner, I'm buying it for myself. And but so whatever. There are regulations and restrictions like that. You have to just be aware of it. But I just always disclose I'm an agent. I tell the seller, listen, I am a realtor, but I'm not looking for a listing. I'm just looking for an investment property for myself. And then you sign some extra disclosures, stuff like that, for paperwork.

But so, make sure you're working with an investor friendly broker. You know, I'm with Keller Williams. I've been with them for a long time. Sometimes it's hard to find an investor friendly Keller Williams broker in your area. I kind of like the, you know, those virtual brokers, places like



REAL ESTATE INVESTING MASTERY

www.RealEstateInvestingMastery.com

EXP or whatever, that don't really have a centralized office. Everything is done kind of virtually. You might want to check out a broker like that. I've heard good things about Remax, where sometimes certain Remaxes let you keep a hundred percent of the deal. But find out who the other wholesalers are in your area and what kind of... Do they have their license and who do they hang their license with? And how do they do their deals? Because you can still do wholesaling when you do it the right way.

You can still make money doing wholesaling, doing it the right way and the right way is this: you have to have the means and the intent, the intent of I'm actually going to close on this deal. It doesn't mean you have to... You can change your mind and say, you know what, I'm just going to assign my contract or I'm going to cancel it or because it's not going to work within the inspection contingency period. Right. But you have to have the intent to actually close and you have to have the means. You have to have access to the funds to actually close on the deal. I mean, look at these things, as, you know, opportunities for you to get rid of some of the competition. I mean, maybe this is a good thing. I don't know. Let's do what we can to stop this kind of legislation. But if it happens, let's not freak out and bury our heads in the sand. Let's look at a way to take advantage of it, to work with the law and to rise above it. Alright.

The other thing I want to say is this, and then I'll be done. If you are looking for a nationwide lender on your deals, check out LendingForDeals.com. LendingForDeals.com. That is a, that's my link that sends you to a company that I've partnered with that does lending in all 50 states. You can get a proof of funds from them. You can get transactional money from them on deals in all 50 states. It's not, it's kind of like the Lending Tree for the home residential mortgage business, you understand what I'm saying? But it's not like they're going to just give your name and phone number to a bunch of lenders and they're going to start spamming you. It's not like that. They'll put those, show you different lenders that are lending in your local market and you can contact them.

But you know, that hard money lender, they'll tell you if it's a good deal or not. Right? They also can do transactional funding, bridge loan funding that can help fund your rehabs, your rental portfolios, commercial properties, mobile home parks, apartments, all that good stuff. Even some traditional normal refinancing for residential mortgages. So, they do it. Alright? So, check them out. LendingForDeals.com. LendingForDeals.com.

If you're interested in kind of how that all works, go check it out and cool. I think that's it. I'd appreciate your feedback. You know, let me know what you think about this. Do you think I'm full of full of smoke and mirrors? Or do you think wholesaling is illegal, immoral and fattening and



www.RealEstateInvestingMastery.com

wholesaling should be illegal period? And everybody should only do listing agreements, you know, should only represent sellers and not actually be an investor who's allowed to buy properties and then turn around and sell it. So, let me know. Cool.

One more thing to go and subscribe to the podcast. If you're listening to this right now, go to Apple podcast or Google Play or Stitcher or Spotify and subscribe. Subscribe to the show, because I do about three of these a week and I want to make sure that you know about them and that they show up. Alright, guys, I appreciate y'all. Go to LendingForDeals.com if you want to get lending on all your deals. Appreciate you all. See ya, bye.