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How To Do More Deals By Finding The Buyer First With Justin Van Riper

Hosted by*:* Joe McCall
Guest: Justin Van Riper

Welcome. This is the Real Estate Investing Mastery podcast.

Joe: All right. Hey, welcome, everybody. This is the Real Estate Investing Mastery podcast. And I'm Joe McCall. Glad you're here. You got a special treat for you today on this podcast. We're gonna be talking all about the power of finding the buyers first. Specifically for wholesaling. But this applies to lease options over financing, subject twos, whatever kind of deals you're doing, especially cash deals, especially wholesaling deals. I got a good friend, Justin, who's gonna be with us, talking to talking to us all about that. But I first want to tell you a couple of things. Number one, if you're listening to this podcast. Thank you. I just wanted to say thank you. I wanted to say I appreciate you very much. If you're listening to Spotify, Apple podcasts, Google Play. Tune in. Radio, I heart radio, wherever. There's a ton of them out there. I really appreciate it. And please subscribe to the show. You might even be watching us on YouTube right now. So subscribe to the channel. Subscribe to the show. I would really, really appreciate it. We released three episodes a week. A lot of them are videos. Some of them are just audios. Some of it's me sharing my computer screen. But we're always coming up with really nice, cool, helpful things that are gonna help you do more deals.

Joe: My big goal of this podcast is to increase your cash flow and decrease your overwhelm. Let's keep it really simple. It doesn't need to be that complicated. Right. So that's number one. Please subscribe to the podcast or subscribe to the channel. Number two is if you're watching this right now on YouTube or Facebook, I just want to say hello. Give you a special shout out. We usually broadcast these live to YouTube and Facebook and then rerelease them as an audio podcast later. But if you're watching this right now on YouTube and Facebook, hello. And please type in the comments down below just to say hi. Tell us where you're from. And as we're having this podcast with Justin here talking about finding buyers. If you have any questions at all. Please type them in the comments and I will bring them up here and give you a shout out and ask your question to our guests.

Joe: All right. The final thing I want to announce is this podcast is brought to you by my new CRM called REI simple. This is a CRM that I've done a lot of research. I used to be known as podio Joe. The guy who kind of introduced podio to the real estate investing space. And it's a great program, but it has a lot of shortcomings. And I've searched high and wide and far looking for a really good CRM for real estate investors that kind of keeps everything in one box. Your Web sites, your phone numbers, your faxing, your emailing, your lists, your skip tracing, all of that. This replaces it all. So you don't need the Web sites. You don't need to call rail or vumber you don't need DocuSign anymore. It's all there. And one of the things that this CRM does that I have not seen another CRM in the real estate space do. It lets you create contracts and documents inside the CRM. Click a button creates a contract, you can edit, modify the contract, etc. You can send it in an email and in the physical mail to the seller. It's an all in one real estate investing powerhouse and it's called REI Simple. So check it out. I think you're going to love it. In fact, I know you're going to love it. It's called REI simple. Go check it out. Cool. All right. I want to bring on my guest. His name is Justin Van Riper. Did I get that right?

Justin: Ah, Riper. But it's close enough. You know, everybody always says Ripper. So it's fine. Riper. Yes. Right. All right. Good. Thanks for being on the show, man. Appreciate it. Yeah, absolutely. Thanks for having me.

Joe: Tell us a little bit about you and your background. Where are you from?

Justin: So I'm from St. Louis, right here near your home market. And I've been a real estate investor full time for about 10 years. I've tried a lot of different strategies, you know, kind of over that period. And one that like always, you know, came back and stuck with me was wholesaling. And then, you know, I kept tweaking and tweaking and I was like, why am I spending so much money advertising to sellers when there are I literally get, you know, 10 deals that come across my desk on a daily basis. And these are ones that have already been negotiated. You know, they're already good deals. So instead of wasting the time and money advertising to sellers, I said, you know what, if I just partner with, you know, these other wholesalers and then I bring the buyer and everybody's happy, it's a win-win-win situation for everyone. So that's when I kind of know I'm not the first person to ever invent, I guess, reverse wholesale or buyer first wholesaling. But I kind of, you know, learned it on my own just through trial and error. And I found that, you know, I was making just as much money, but my overhead, my expenses were drastically lower.

Joe: More money with a lot less work. I love that combination.

Justin: Yes. Huge. Right. Two things to me are, you know, very important that that's what I love about this strategy versus traditional wholesale and which I still think is an excellent strategy. And there's always been tons of people that have been very successful with it. But what I liked specifically about this is it's cost a lot less than traditional and I spent a lot less time on it as well. So freedom of time is just as important as, you know, making a lot of money for an.

Joe: How many of the masterminds did you come to, Justin? Those of you I don't know, about three or four years ago, I started a little mastermind for local wholesalers only in St. Louis. Justin, you must have come to eight or ten of them or more.

Justin: Yeah, I came to a few. Yeah. Throughout a few years period. Yeah, something like that.

Joe: And the cool thing about these groups was we had a lot of guys doing deals in the group, you know, amongst each other. Maybe somebody needed the money. Somebody needed some buyers. Somebody had some buyers there just looking for some deals. And we did a lot of deals that in the midst of that group, it just kind of fizzled out for no good reason. But I think we came into the summer and I might have lost my assistant who was kind of helping me with it. And I just got super busy. But anyway, I love this concept. Justin, there's a lot of guys in St. Louis that do wholesaling, but there's only like one or two or three guys that have taken what Justin is doing and made a really, really good, solid business out of it. So explain what it is and then it will. First of all, what kind of what does your team look like now and what kind of volume do you guys do normally on a on a monthly basis?

Justin: So that's the great thing, too, with this. You know, you look at some of these, you know, other wholesaling companies, the traditional wholesalers, and they have, you know, massive teams. And then also spending, you know, 60 hours a week, you know, at the office. I basically have an assistant and assistant kind of takes care of contracts and, you know, closings. Schedules those. And I'm in the process of hiring a couple more people. But for a while, it was literally just the two of us. And the fantastic thing about that was I can really just focus on the deal. So I could focus on getting those buyers on board. So I would, you know, tell them what I could provide, which is also very key with all of this. Instead of, you know, just advertising to buyers and saying, hey, what are you looking for? I told them what I could provide.

Justin: So I set the criteria of stuff that I knew I could provide and a decent you know, quantity, you know, to them. So I set that that expectation upfront so that anybody who is interested and said, you know, hey, that sounds good. You know, they would contact me. And then I would, you know, kind of sell them on it and get them on board. So I did that. And then I would go and, you know, would find those deals, partner with the other investors. But then once I got a you know. Yes. Once I got everything under contract, then. Yes, to a contract, then it was simply just sending it to my assistant. And my assistant took it from there. So I literally only had to focus on talking to buyers and talking to sellers, and that was solely it. So I ended up a work about two hours a day because when you're only doing things, it's pretty sweet.

Joe: Nice. And about how many deals do you average of, you know, a month or every couple of three months, whatever?

Justin: Yes. I'm actually in the process of scaling up right now, but I was just, you know, doing it pretty part time and doing, you know, four or five days a month, but still making pretty good spreads even with, you know, partnering with these other investors, doing it, you know, working very minimally.

Joe: Do you see why this is such an amazing strategy? Four to five deals a month working part time, couple hours a day, three hours a day. I just got back from golfing this morning and I got beat up pretty bad, physically and mentally. Golf will chew you out, chew up and spit. Yeah. But yeah. So I'm going to be working about three, four hours today, not doing any deals right now during. I'm just doing some podcasts during today. But that's the beautiful thing about this business. If you get the right systems in place and when you find the buyers first, you don't have to go find the deals necessarily. Right. People bring their deals to you. Which is awesome. So are you doing just in St. Louis right now, Justin?

Justin: Yeah, I am. That's another thing where I kind of want to expand. So something that I advertise, you know, to my buyers is I say, hey, we can provide properties that fit the 1 percent rule. For anybody who doesn't know what that means. It's, you know, a property selling for eighty thousand and it's gonna rent for at least eight hundred. You can do it vice versa. If it's a property that is rented or it will rent after rehab for eight hundred dollars, then it will sell for eighty thousand. So that's kind of the one percent. Rent is 1 percent of what your purchase price is essentially.

Joe: Which St. Louis isn't that hard to do is it?

Justin: It's not. No, not at all. But you know, there's a lot of other markets that are the same way. A lot of places in the Midwest really not that hard to find these 1 percent properties. And investors, I work with a lot of out of state people. They just can't get those types of returns in their local market. They just don't exist. So they are more than happy to, you know, come to a Midwest market where they can get much higher ROI. Their returns are drastically higher.

Joe: Good. All right. So let's talk about how this whole process works. You find the buyers first, right? Find out while you're advertising. Hey, we got 1 percent property rules and that, again, is where the rent is. One month's rent is 1 percent of the price of the home. So if it's an thousand home, the rent is eight hundred a month. Right. And that would be eighty thousand all in. That's after repairs, right? Correct. Yes. And then you find the buyers first and then what do you do? And you find the inventory, you find other wholesalers that have the properties, right?

Justin: Yeah, that's exactly what I do. So I send out the advertising and I said something that I think is huge is, instead of letting the buyer set their criteria. You tell them what you can provide, what's easily accessible in your market. So whatever is accessible in your market, you know, you know that you can provide, you know, five or ten of those properties pretty easily per month, then that's what you're advertising to them. And so you're saying, hey, this is what I can provide. You let them know all that and then you let them reach out to you saying, hey, yes, I am interested in doing something like that. So then I have someone, you know, that calls in and, you know, we like right before this, I actually had a Zoom call, you know, with the gentleman from California. And we talked for a while. And it sounds like we're probably going to end up doing quite a bit of business together. But so I send out the advertising, get the buyers interested, and then I go.

Justin: And if you're in any sort of remotely large market, if you go on to Facebook and you just simply search your city and then real estate investing and you can do real estate investors, you know, you can do a lot of different variations of that. You know, if it's St. Louis, I can say St. Louis is all I could do STL. But, you know, you want to find, you know, as many of those groups as you possibly can and get in, you know, those because there are going to be properties that are posted there constantly. You know, in our local market there's tons. I mean, there's 10, 15 properties on a daily basis that people are posting in there. Some of these groups have like 10000 investors. So that's a big way to go and find them. I've also I've partnered with so many other wholesalers before that I can't even tell you how many times they're like they just call me up and like, hey, I've got this property.

Justin: I haven't advertised it or anything, but I've got this property for sale. You got a buyer for it? I mean, it's that simple. You know, you sell one property for someone. They're going to continue to come back because most wholesalers don't want to talk to, you know, a bunch of buyers. They don't want to spend the time advertising it. And then they've got to talk to 20 different buyers and get the lockbox combo, give information on the house. So if they know that they can sell it and they can still be happy with what they make, they're, you know, thrilled to just give it to me. So I have investors, no other wholesalers that reach out to me all the time when they have a deal. Right.

Joe: OK. So I got some questions in for you. The how do you find the buyers? Which are some of your favorite ways to find buyers?

Justin: I really like direct mail. I like that. You know, for when you're advertising the sellers, the industry average is like zero-point five percent response rate. You know, I mean, obviously, it's going to vary on a lot of factors, but that's the overall industry average 0.5 percent. When I advertise to buyers, I get usually more like 5 percent response rate. It's 10 times as high. So I like doing direct mail. So what I'll do is I'll send them a piece of direct mail saying, Hey, I saw you purchased this property here, you know, some other information on it and I'll give them a number to call. And I'll say on there, you know, listen to this prerecorded message and see if you're interested, if you think it's worth, you know, jumping on a phone call. So then I have, you know, within my call rail. I have a voice mail that's set up and I explain, you know, the whole thing to them. I say, you know, hey, I tell them who I am, the kinds of properties that we can provide, you know. So I leave, you know, a decent sized voice mail, but they can call 24/7 and it says that right there on the postcard, there's no obligation. It's just here. What I have to offer. So then they call and you know, whether they leave a message or not, usually called back. But that's kind of my favorite way of doing it. I really like direct mail for advertising to buyers.

Joe: Are you advertising to buyers who are already buying in St. Louis? Or do you advertise, they're buying in other markets?

Justin: So one thing that I do. So there's a couple of things that I've experimented with. I've experimented with like-markets. But right now, what I have for this campaign that I'm currently doing, that over the next two weeks, I should be getting a lot of buyer calls on. But what I did is I focused solely on investors from California, only California, and that they purchased out of state. So they purchased somewhere else. So I went on, you know, list source and I targeted just California buyers that have purchased anywhere else. That was, you know, out of state. I think I did it within the last couple of months because obviously with everything that's going on right now, there's a lot of people that aren't buying anymore. So I did it for maybe only a month or something like that in California, in another state in the last month. Yes. That was not you know, there wasn't California. It could have been. You know, here in St. Louis. But I made it basically anywhere else.

Joe: Good, good. All right. Are you looking to see that they buy like a similar rental property in the other market?

Justin: I've done it like that before. Done, you know, areas that are similar and also properties that are similar to what I can sell. The reason I adjusted a little bit this time is. I wanted to do more recent. I'm concerned with the people that despite what's going on right now with Covid-19, that they still are purchasing right now. So I did broaden it a little bit, but I have certainly done that in the past. So if I know that they purchased, you know, out of state in a market that's very similar to St. Louis. And, you know, they purchased single family homes, then, you know, you can you can definitely fine tune all that within less source and do it that way as well. I broaden it a little bit this time solely because of the pandemic that's going on.

Joe: Yeah, I'm trying to log in right now as we're speaking into list source. One of the places I go to find my list of buyers who are buying. Where do you like to go to get your lists?

Justin: Yeah. List source list sources. The main one that I use. I really like that one. There's a couple other kind of minor resources that I use. Like my house deals as a place that I've found buyers from before. I think that's like 200 odd for like the entire year. And it has a list of, you know, updated buyers constantly. That's one I at least sort of my house deals. Yeah. My house deals dot com. So you can actually buy lists from them. So it's not actually a list. It's more so it has cash buyers. There's another category for like private lenders. But they're constantly adding people. So a buyer, you know, will come, you know, land on their Web site and know, enter their information, you know, how much they're looking to spend, where they're looking to buy their contact info and stuff like that. So then that's available if you're a premium member on there. I've gotten buyers through my house before, too.

Joe: I see. So do they have to say they're interested in St. Louis?

Justin: Yeah. So most of them will say Saint Louis or nationwide. That's typically what most of them say. And so I think most of them are pretty much nationwide buyers.

Joe: Very cool. For some reason, I'm having a hard time logging into list source today. Oh, there it is. Just sent me a password retrieval e-mail. Something happened. All right. So, anyway, cool. Now you go and you find guys or investors that have purchased properties recently in another market or even here. But there are recent active buyers. So, you know, they're okay with buying an estate properties. Right. Yeah. Now you get them on the phone. What is your conversation like when you talk to them? What do you ask them? What are they asking you? Things like that.

Justin: So, you know, the great they end, by the way, you nailed it right there when you said that they're already buying out of state. You don't have to sell them on this concept. Right. They're already used to it. So it's great to focus on people who have already done this before. But, you know, with my voicemail, they leave. I try to, you know, weed out, I guess, as many people as possible and give them as much information as possible. So a lot of times, you know, they have a lot of you know, they've got all the basic information. I guess once they call in. So the way that they typically go is, you know, Francis, this call that a gentleman from California right before this was he wanted to know, you know, the ABC D F areas and what he could expect to get kind of in those areas.

Justin: So it's a lot of that they're concerned with, you know, particular areas in that market and what they're like. So, you know, if it's a D neighborhood, what can you expect to purchase rent wise? You know, what kind of like ROI can you get? And then, you know, there's crime and, you know, stuff like that. So a lot of times it answering questions like that. Because typically they're already interested in the whole concept. So then it's just, you know, kind of the details after that.

Joe: You find out like how much how many houses they're looking for. What the requirements are. Do you know, is there a specific type of house that you will not refer to them Does it like have to have a certain minimum amount of work needed or, you know, not beyond five, 10 grand in repairs or something like that?

Justin: That's typically what I like to work with. I usually like properties that are fifteen thousand or less rehabbed if I have. But if I have, you know, a buyer that says, you know, hey, if it's good enough deal, I don't care. You know, they're fine with it. You know, then that's obviously up to them. But yes, I typically try to stick to the smaller rehabs. They're less risky. You know, I want the investors, of course, to be successful. For one, just. For them, I mean, I have brought them to this market. I want them to have success. But then, of course, from my standpoint, too, it's like, hey, if they're happy, they're going to continue to buy. So I want to do everything in my power to ensure they're successful. So I offer referrals as well to, you know, property management companies, contractors, you know, things of that nature as well.

Joe: I wanted to ask you about that. You're not fixing any of these houses up? You're not buying them on your own?

Justin: No. And that's something that I'm very clear. You know, from the start, I know that there's a lot of companies that do that. They kind of provide full service where, you know, they're managing them. They're rehabbing and they're doing everything. I didn't want to do that. I'm all about making things as easy as possible, making it as simple as I possibly can. And so I tell them, I say, hey, my job is to find properties that are going to fit this model for you.

Justin: I'll be more than happy to give you referrals to people that I've worked with in the past. You know, that refer to me. I will give those to you. But I don't do the rehab. I don't manage the rehab. I don't, you know, actually manage the properties afterwards. I don't do any of that. I'm simply here to provide the properties for you. And if I can provide a valuable resource for you, I'd be more than happy to help. But, you know, for me to be as, you know, as good at what I am or what I do as I am, I guess, is that I need to be able to focus solely on that.

Joe: OK. So then when you get a deal, do you present like, you know, it's a new buyer. Do you say, here are three contractors. Here's three different property management companies. Here's three lenders that I recommend. You know, do you present to them like here's one property manager. Here's two or three. How do you do that?

Justin: Yeah. And that's a good point, because, you know, if you're just giving them one. And for whatever reason, if things go south, it's little different. If you just offer, you know, three out there because you can tell them, hey, if you want to find one on your own, that's fine. But here are you know, here's three of the best ones that I've worked with. And then you're giving them the choice. They're the ones that are picking and a kind of covered you a little bit more by doing that.

Joe: Nice. Are you giving them? Are you hooking them up with any local lenders that will lend on deals as well?

Justin: Yeah. And in fact, when I kind of started this whole program, that's what I initially did. So I trained I had this video on. I knew, too. It was just, you know, 15-minute PowerPoint presentation that I explained how, you know, you could purchase properties with little or no money out of pocket. And essentially, you know, it involves it's called the burst strategy as well. So you're buying into rehabbing with hard money and then you're getting it rented out and then you're refinancing into long term finance. So I taught people how to do that. And so I was working with those types of properties for a long time before I realized, man, it's a lot of headache working with all these hard money lenders and making sure, you know, the buyer has applied and, you know, making sure you get not, you know, working with contractors, get all the bids, working with the title company and that the lender to make sure they're, you know, together. And it just was a lot more work. It was still very effective. I had a lot of buyers that loved it and I could still provide a good amount of inventory. It just took more work. But anyways, for that. Going back to your question. I did provide them, you know, lender referrals, get to them a little bit. I try to stay away from the lenders as much as possible. They just make the deals a little more complicated. But, you know, I'll they'll do them because, I mean, it's definitely worth it. I just, you know, prefer if it's cash buyer over financed.

Joe: I remember back in the last recession in 0 8 and 0 9, I was talking to somebody that was doing a lot of deals back then. And they said one of their favorite things to do was just to go to the local banks and ask them, hey, I got an eighty-thousand-dollar property here. Would you lend? I want to buy it as a May, as a rental. Would you lend on the deal? And if they say yes, normally it's a small local community banks. He would ask them. OK, what's your criteria? And they said, well, you have to have 750 score. You've got to have at least whatever six months of reserves in the bank and you've got to put at least twenty five percent down. You get a list of all the criteria. All right. Then he would advertise the property. He would put in the in the thing, hey, financing is in place, ready to go. And he would list the minimum criteria of what you have to have. And I've got a bank that will lend on this deal. And it was worked great. And he wholesales a ton of properties because he brought us together as a package to the investors that were coming in.

Justin: Yeah, absolutely. Absolutely. And that's very similar to, you know what? What I see, too, I kind of advertise it that way, too, and say, you know, I've have a lender that's going to loan on this. I love that, because it's one of those things where the more value you provide, especially the more value that you provide for your buyers, where it kills me that the traditional wholesale and they spend so much time, you know, working with sellers, you know, trying to find that one good deal. So on average, they're talking of forty five different sellers to get that one deal. But that that seller that they're working with, they're going to work with them one time, whereas I'm building a relationship with a buyer and providing more value than that.

Justin: I can work with 20 times, 30 times plus just once the sellers pay. Yeah, I love that. I did something very similar, you know, kind of with the no money down. I said, you know, hey, there's pretty much financing in place. And I'm telling you that I would get calls and people would just be like, you know, let's do it. I mean, it was that simple. And they'd be out of state and then it never even came to see the property or anything.

Joe: They don't even necessarily have to be no money down deals. It's just, you know, you have to put you say in there in your marketing or whatever. Talking to them, you've got to put 25 percent down. So, you know, they're expecting to put some money down on the property and you've got a good bank that will lend on those deals. OK, cool. So what's your average profit on one of these deals that you do?

Justin: It's about 10 to 15 on the ones that I'm, you know, kind of partnered with another investor. Even with partnering. No, that's usually for me. So I will typically, if I can, I will markup. You know, I want the other wholesaler, of course, to be happy, the other investor. So if I don't have to negotiate them down at all, if I look at the numbers and I say, hey, they work, I will just simply mark mine on the top and give them, you know, what they're asking for.

Justin: You know, sometimes just other investors get it. You know, it's just a numbers game. And sometimes, you know, they're just asking too much for what the numbers say it can work out. And I might have to negotiate a little bit with them. But I typically make just on the top of, you know, kind of what I have negotiated with them. And that's typically how I do it, as opposed to like a 50/50 split.

Joe: We had a deal one time that we lost and the buyer got real mad because the guy was advertising it on Zillow for forty thousand. The wholesaler was. And then we were trying to sell it for forty five, maybe five grand. More than what. So the owner, the buyer, when he went to go research the property, he saw it on Zillow for five grand less than what we were selling it to him for. And he was real upset and we realized, you know, we can understand why maybe. It was more than five grand, it might've been 10 grand or something. But we should have just clarified with him at the very beginning. You know, hey, this is what we do. We're going to market up a little bit. Even met his criteria. Right. It met his criteria, but he was still mad. He thought you were taking advantage of him. So how do you have that conversation with your buyers or how do you talk about how you get paid? Makes\ sense?

Justin: Yeah. And I think that's right there. But you just said is huge. Communication is very important. And it's both with my end buyer and also the other wholesalers. So, you know, taking it from the beginning when I'm working with the wholesaler and I see, you know, that they've got to do I tell them, you know, hey, I saw this deal that you posted. You know, I have a buyer that this should fit their numbers, you know, is it OK if I send it to that? You know, they say yes. Then what I typically do is I'll sign an option contract with the other wholesaler. So the option gives me the, you know, equitable interest in the property to be able to advertise it to my buyer to send it to. And so the option contract. It's great because it does no obligation for either party. There's specific verbiage in the one that I have that says if the other you know, the other wholesaler, the owner or the seller, whoever it is, if they find a buyer before I do, then the option is just automatically terminated.

Joe: You give an option agreement to the investor wholesaler.

Justin: Yeah. Yeah. So I give that. So I have that kind of equitable interest. And I tell them, you know, hey, if you find a buyer first, there is verbiage that's typically in there that says that this contract is just voided. So it doesn't hurt you at all. You I think it's doing is giving you access, you know, to my buyer, to my buyers list. And then for me, if I if my buyer doesn't want it, it's just an option. So I can just let it fall through. So it doesn't hurt either party. But I'm very upfront with that. That other wholesaler, other investor that I'm not going to be the one purchased it. I'm bringing a buyer to that. I believe they should do that with, you know, everyone that you work with. And then I tell the buyers, well, I say, you know, the only way they make money is I make money on the difference between kind of what I'm buying and selling it to you. So they get it. And I kind of go above and beyond for my buyers to. So they all love me. I mean, the buyers I work with, they absolutely love me. They don't care that I'm making money on it. It fits their criteria. I've been upfront from the beginning and it works very well.

Joe: So then how do you close the deal when it comes time? You have you have the wholesaler as a contract with the seller and now you have an option contract with the wholesaler and you're bringing in a buyer. How does it all work at the closing?

Justin: And so what I'll end up doing, by the way, too, after my buyer says yes. Then I'm either getting under a standard contract or I'm doing, you know, an assignment. One of those two. But it really does completely depend on the situation, because sometimes I am working with. It's just another investor I know, but they actually own the property. So they're not wholesaling it. So it's kind of different situation there. If it's another investor, a lot of times what I'll tell them, I almost always double close if I can, unless it's a very, very small fee. I almost always double closed because even if my buyers, you know, tell me I don't care what you make on it, that first time they see, you know, twenty thousand dollar, you know, spread there, then on the next day there's still a problem going to go through with it. But then in their head on the next deal, they're going to be like, oh, I can negotiate this down by 15 grand. So I double close as much as I possibly can.

Joe: You'll double close where you're buying it or is the wholesaler investor buying it?

Justin: So then and so if I have another wholesaler, we've done it before where there's two double closes. But what I typically tell the other wholesalers, hey, I'm in the same boat. You know, I know what you're. And I don't care. I truly actually took care what you're making. So assign it to me. So that's what they'll do a lot of times. I know it's getting a little complicated with, you know, how all these work. You know, it does take some kind of getting used to. But a lot of times I'll have the other wholesaler will sign their contract me and then I'll double close from there. But I've done double closed, double close before where the other wholesaler was also double closing. I was double closing. It's still all worked out. Done, you know. Assignment to assignment to close. There's a lot of different ways that you can structure these things. And that's also why it's important that you get a title company that's familiar with working with investors.

Joe: These are cash deals, too. So it doesn't really matter. Mean, they're nine times out of ten cash deals, right? Yeah. So it doesn't really matter with the whole seasoning and titling issues and all of that much. Right. Right. Yes. And so every deal is going to be a little different. Right?

Justin: Yeah. It truly is. Sometimes, you know, if the other wholesaler isn't making as much, I just say, hey, I'll sign, you know, a finder's fee agreement with you. Just get me on the contract with the original seller. You know, you can be out of it. And I'll sign this finder's fee agreement that says, you know, I'm going to pay you five grander or something like that. So, yeah, I really do. I've structured deals so many different ways. I've been part of a couple where like five different people got paid on them. So sometimes you're gonna get a little bit creative.

Joe: Cool. But you try to stay in control of it. Right. You try to stay in control of it. And say listen, this is the way we should do it here. If the wholesaler has to step out of the way, you give them a finder's fee agreement. Right. And you'll pay them after closing or something. Is that right?

Justin: Yeah. You can actually even pay the finder's fee at closing. You can give that to the power company and they'll actually put it on the head and know they'll pay on that way.

Joe: That's funny I've gotten paid like that a lot where I just give the title company an invoice. I actually give the company an invoice, you know, pay me out of closing.

Justin: Yeah. Yeah, absolutely. Yeah, you're right. I do. I try to. Yes. Especially because I've had so much experience with doing kind of a lot of these creative ones where most investors haven't. So I just tell them like hey, this is the best way to do it. Like, just trust me. You know, it's kind of get done. But this is the best way that we can do this particular one. So, yeah, it it just it really does depend on that particular transaction.

Joe: OK. Do you need a real estate license to do this? Do you have yours? Do you recommend it?

Justin: I do not. I've honestly gone back and forth. You know, I've been in this industry for 10 years now and I went back for a long time. I know. You know, if I should get it or not. But no, I do not have my license. I personally think, you know, as long as you have access to the things that you need, I think MLS access is pretty crucial. And as long as you have some sort of MLS access, which you can get that through a real estate agent. They can set you up as their assistant. So you might have to do a little work for them, you know, to make it, you know, as as a kind of a trade. What you need to be set up like as their assistant. You can get MLS access so if you don't have your license. That's one way that you can do it. MLS is huge for being able to, you know, run comps and whatnot. But yeah, no, I do not have my license.

Joe: Could you get paid the same if you had your license? Do you think so?

Justin: I guess you can do it in the form of commission. I mean you could. You can still wholesale if you have your license. So I guess you could still do it the same way. You also could if you're an agent or, you know, kind of wanting to do a similar strategy, you could also work up an agreement and say, hey, I'm going to make three thousand or five thousand per deal. You know, as a commission. We're just going to set that, you know, number in there. Yeah. With the buyers. Correct.

Joe: And then, yes, the commission from the seller in addition to you could write.

Justin: Yeah. So you can you definitely can, you know, still do it if you have your license. You can do essentially the same thing. That actually gives you that extra option of being able to get a commission as opposed to, you know, making a spread making an assignment fee. You can just do it as commission.

Joe: When you send the deal to your buyer, do you put together any kind of report? There's a lot of tools out there that gives really amazing reports with cash flow projections and all of the metrics and the ratios, cash on cash return, ROI yields, internal rate of return, things like that. Do you put together packages like that and give them to your buyers?

Justin: And so I don't go to that much trouble to put together a full package. You know, there's absolutely nothing wrong with that. I mean, it makes it look. And, you know, it's very professional the way that's being presented. I do run, so like my ROI calculations that I do, I take 40 percent of the monthly rent as operating expenses. When I calculate that. So if a property is, you know, renting for eight hundred dollars a month. So you multiply eight hundred by twelve. Ninety-six hundred to get your yearly amount. You yearly rent.

Justin: And then multiply that by zero point six. And so that gives the actual net operating income or projected net operating income. So you're taking 40 percent there. And so if you divide that by your purchase plus your repair, the buyers all-in costs. Then you get that projected ROI. So I will do some brief calculations like that. So typically, you know, provide them with the address, you know, the beds, baths, square footage, the price, the rehab pictures, ROI projection. I'll provide them with all of that. But I don't, you know, actually put it into any sort of like packet.

Joe: Do you try not to commit to a rent where rehab costs, ROI numbers? Because has that ever come back to bite you if you say, hey, this property can rent for eight hundred. They can't rent it for 750, or you say the rehab is gonna be ten, but it was really fifteen grand. Does it ever come back to you?

Justin: Yeah. One time it did. This is kind of early in my career and the investor, a buyer came back and was like, you know, you have it as ROI or I might even use cap rate at the time you had it at this certain percentage. And that's not what it's produced. And so ever since then, once again, and this all comes back to like being very upfront. So, you know, I say projected. Now if I know my buyer, which just happens a lot of times, too, if I know who the buyer is and I know that they use this particular property manager or this contractor and they go out and they give the bid and I'll go ahead and I can just give that number. Be like, hey, this is from, you know, Christian. This is from, you know, your property manager. And obviously they can confirm that with them. But I may give that. Now if I'm just, you know, estimating myself, then I will always, you know, put that I'll say, you know, estimated R.O.I, I estimated RAD, estimated everything I tell them, you know, for like the rent, you know, I'll look at Zillow and I'll look at renovator and I'll look at those two resources time. So I'm actually running you know, kind of rental comps. So I'm giving them as accurate a number as I think I can provide, but it's still just, you know, an estimate, so. So yeah, I do tell them that that, you know, these numbers are estimates. They're not hard, you know, figures.

Joe: Have you heard of dealcheck.io. Man, I love this tool. Seven bucks a month and I don't get any commissions from it or sell it. You know, I'm just had the guy in my show a couple, three years ago and I created the software. It's seven bucks a month. It's amazing the quality of the reports that it puts together. And you if you had the one percent rule when you put the information in there and it imports the information from Zillow or from the MLS or whatever, and you can say calculate an offer based on the one percent rule or it could be minimum cash flow, 300 a month rule or ROI, 10 percent. It will spit back to you the numbers, but it gives really good, nice report's projections. Ratio's, pictures, all of this good stuff. And I thought about how it would be really cool. I've never used it to sell a deal to an investor, but it's an amazing tool. A lot of people could use to find good buyers. Something to think about.

Justin: Yeah, that's actually that's very cool. Especially if, you know, you just kind of input the information, you know. Yeah. And then it just does like all that for you and then it just gives you know, and for seven bucks a month, that's nothing.

Joe: Yeah. You can. You got to just make sure you're letting your buyer know these are projections only right now. The good thing is it gives you really good comps. I'm blown away, gives you rental comps and sold comps and you can choose which ones to show under the report. Pretty cool. I just got a couple more questions. Justin, appreciate you being here. What happens when things go bad, when the deal goes bad? You know that investor a year later, six months later, rehab was more than they expected. The manager didn't work out. It might be the buyers, just really high maintenance. You know, there's a lot of buyers that are really high maintenance.

Justin: What happens if a deal goes back in and that it does happen sometimes? I mean, I try my best to, you know, be able to give them, you know, good referrals of people that, you know, I trust so that they're going to be taken care of if something happens and they call me in on it is six months or a year later. I trying to do what I can to help them out if there's anything that I can do my well. And but that being said, you know, it is it's an investment risk. Just like if you buy a stock, there's no guarantee with that. The stock could, you know, drop by 50 percent the next day. So, you know, it's an investment. So there is obviously a risk involved. But if there's any way I can help, I will. And like I said, I try to put them in the best position possible to succeed by providing them, you know, with good referrals.

Joe: Nice. Excellent. So I've made a list of questions, really fancy kind of Post-it note questions here and this. I love this business. This is something that I started doing in 2012. You already been doing it a couple of years at that point, but we're mutual. A guy named Rick Hine. I'd encourage you all to listen. Go find that podcast I did with Rick. He was my acquisitions manager's, part time pastor, working at Home Depot part time. I brought him on and we started doing a lot of seller marketing and getting frustrated with the lack of leads. And then we had found some really good buyers and had a phone call with a good friend of mine, Ken Clothier. And Ken said, hey, you should try finding the buyers first. It's a revolutionary concept.

Joe: And sure enough, I'm not kidding. Within two to three months. We had to stop doing our seller marketing because we had so many good buyers. All we had to do is start spreading the word out. And Rick was really good at just calling every wholesaler he knew and sending emails every week. Hey, you've got do you have any deals? Do you have anything? And we would. We had people bringing us deals. We had realtors bringing us deals saying, hey, listen, I don't even need anything. All right? Just take care of my client. We had other wholesalers that were new, like, I don't care. Just give me five hundred bucks, you know? And we had other people bringing us deals. It's the coolest thing in the world.

Justin: Yeah. I love that. And then I remember, you know, you talking about that before three kind of like, man, I just absolutely love that strategy. And you know, the money that you're spending and that seller advertising. So after you found these buyers, how much are you spending after that? You know you're getting everybody to bring the deals to you. And you weren't spending any money in advertising.

Joe: It was an investment in time. And Rick is so good. He's very accessible. He's, and I'm sure you are, too. When buyers are calling you, you don't hide behind it. So you're not hard to get a hold of. You know, you're easier to get ahold of. And in a sense, you're almost the boots on the ground for that buyer, although you're not the boots on the ground managing their project. Right. But they like you, they trust you. And they know that, you know, if they have a problem, you go, they can call you and you can help them, right?

Joe: Yeah, absolutely. And so, you know, I I tell them that, you know, I'm like, hey, I'm not going to do the rehab. I'm not going to manage a rehab. I'm not going to be the property manager after the rehab time. But that being said, you know, I obviously want you to be successful. There's one thing I can do for you every once in a while where you need me to help out. And absolutely, I can do that for you.

Joe: Very cool. We have a lot of people posting comments in here. And I got a couple of questions for you, but Ralph says cool. Aaron, what's up? How are you, man? We've got Antonio from Orlando. Ralph Kim from Kentucky. Elmo from Florida. How you doing? And D.L., D.L. from New Jersey. Nice. Ralph is saying here. I got REI Simple. It rocks. It's awesome. Nice. Aaron says, yes, setting it up and it's great. Jai is here. What's up, man? And somebody else here? Giselle is asking, how do you structure the partnerships? I think you kind of already answered that. But if you have another wholesaler who's bringing you a deal, you sign an agreement with them or is it just the option agreement?

Justin: Yeah. So depending on the deal. So if I take a look at it like, hey, this these numbers already work, you know, I don't need to, like negotiate at all. Then I will send the option contract initially, just so you know. So I have that equitable interest, too, to send it to my buyers. A lot of people, you know, want and, you know, it's probably never gonna be an issue. But I like having that equitable interest in the property, even though I'm not like blasting it out, sending it to a bunch of people. I'm sending it to, you know, one or two individual buyers, you know, just make sure we get that signed real quick. And then after that. So I will then basically just give some of the other wholesalers asking, say, fifty thousand dollars for it. I'll just send them a contract with my name as the buyer for fifty thousand dollars.

Justin: And then I will turn around and then, you know, sell it, you know, to to my buyer for sixty thousand. So I'll sign another contract with that. So with a double closed there's A to B and B to C transaction and I'm the B person and that transaction. So the A is the seller or other wholesaler or other investor. So they're signed to me as a and I'm buying it as the B and I'm turning right around and then I'm selling it. So on the second transaction has to be I'm the seller and then my end buyer is the C person in that situation. And so I, you know, markup the price. Ten, fifteen thousand dollars. And then, you know, double close. It's I go at the closing table when I sign the documents for buying and selling, you know, pretty much immediately.

Joe: And you're telling me, do they do it. Do they require that you bring some transactional money to the table or they will let you use your buyers and money, the end funds to close the whole thing?

Justin: Yeah, I typically don't. So I have I've got a couple. So some will allow me to use the end buyer's funds to just fund the first transaction. Other ones they have like an in-house transactional funder. And it's way cheaper than if you're trying to find, you know, your own transactional funding. You can get very expensive. Not saying, you know, don't kill a deal over it. You know, making ten grand. You've got to spend even twenty-five hundred dollars in transactional. Funny. Don't do it. But if you've got no other option. But I have, you know, some companies where I mean, they'll charge two hundred bucks for their in-house transactional funding. So yeah. I'd never have to like find it outside transactional funder to get the deals right. Awesome.

Joe: Peter, this is really good information. Nice. One Princess Warrior. New student here, Giselle, yes, my house deals was the Web site. Yeah, we talked about appreciate the kind words. Jai Welcome, warrior. You're in good hands with Coach Joe. So somebody here is saying Giselle. Are you vetting the sellers yourself or is your wholesaler? So the wholesaler is getting them under contract? Yep. And it's good to have a preferred vendor list. I agree. Warned. We answered his question. Thank you. Aaron is asking, can you double close with your wholesaler and JV partner on the same contract? Yes. And Rebecca is correct. Transparency is key here. Right. Very important. Very, very important. And Rebecca says, again, everyone does it different to get the deal done. Just so brings a good comment here. You can still wholesale as an agent. The fee will be reported on a separate line on the hood. And then Giselle also says sometimes as an agent, you will want it to be a fee versus a commission because of the split with the broker.

Justin: That's a good point, because you will have to split commissions with the broker.

Joe: Yes. Somebody is asking, is that tool deal? Check that aisle better than bigger pockets. Bigger pockets as a reporting tool. Yes. And unless bigger pockets in the last couple of years has really made some big improvements, go check out deal.io Check that. I oh, I don't get anything from them again, but it's pretty good tool. Oh, look at this. Do you teach this like..... Of course, I came on a few minutes late, so my apologies if you already mentioned it. Great question. Justin, how can people get a hold of you if they're interested in learning more about this?

Justin: Yeah, absolutely. So. So especially for any of Joe's listeners, I'm actually offering just a free five day course. So you guys get a lot of information here. And so if you just go to course.buyerfirstwholesaling.com, you can go ahead, you can sign up and you'll get a free 100 percent free five day course. I mean, on how to do this. That's right. I mean, they disappeared for a second. I think there. Is that it? Yeah. First is misspelled. Other than that, that course, that buyer first wholesaling dot com.

Joe: So this is an interesting domain. Oh, wait, where to go? There is course.buyerfirstwholesaling.com.

Justin: Yeah. That is correct. So yeah, you can go there. Anybody whose last name you get a free five day course on exactly what I'm talking about. I kind of go over a little bit of my background. So before finding this strategy I had some fixed and flat deals that went south and I mean it almost bankrupt me. It was it was really bad. And so the highway I survived is really by taking out a very high interest credit card debt. So moving to hear about, you know, all the successes and failures that have kind of got me to this point and to, you know, creating the system that I have. So go check that out if you want some more information?

Joe: All right. Appreciate that again. Course dot buyer first wholesaling dot com. It's a free five-day course on everything and Justin is talking about here. Glad to finally get you on the show, Justin.

Justin: Absolutely. Thanks for having me. We'll have to get together after, when we're able to.

Joe: I'm looking here. Giselle, sweet. Well, thank you. Yeah. By the way, guys, if you're watching this and YouTube or Facebook, please type in the comments that url so that people can see it. course.buyerfirstwholesaling.com. Thank you, Giselle. You're welcome. One princess warrior. You're welcome. We appreciate you all as well. Again. All right. Hey, thanks, Justin. We will see you later. Take care, man. All right. Thank you. Goodbye, everybody. Have a good one.

Joe: I remember back in the last recession in 0 8 and 0 9, I was talking to somebody that was doing a lot of deals back then. And they said one of their favorite things to do was just to go to the local banks and ask them, hey, I got an eighty-thousand-dollar property here. Would you lend? I want to buy it as a May, as a rental. Would you lend on the deal? And if they say yes, normally it's a small local community banks. He would ask them. OK, what's your criteria? And they said, well, you have to have 750 score. You've got to have at least whatever six months of reserves in the bank and you've got to put at least twenty five percent down. You get a list of all the criteria. All right. Then he would advertise the property. He would put in the in the thing, hey, financing is in place, ready to go. And he would list the minimum criteria of what you have to have. And I've got a bank that will lend on this deal. And it was worked great. And he wholesales a ton of properties because he brought us together as a package to the investors that were coming in.

Justin: Yeah, absolutely. Absolutely. And that's very similar to, you know what? What I see, too, I kind of advertise it that way, too, and say, you know, I have a lender that's going to loan on this. I love that, because it's one of those things where the more value you provide, especially the more value that you provide for your buyers, where it kills me that the traditional wholesale and they spend so much time, you know, working with sellers, you know, trying to find that one good deal. So on average, they're talking of forty five different sellers to get that one deal. But that that seller that they're working with, they're going to work with them one time, whereas I'm building a relationship with a buyer and providing more value than that.

Justin: I can work with 20 times, 30 times plus just once the sellers pay. Yeah, I love that. I did something very similar, you know, kind of with the no money down. I said, you know, hey, there's pretty much financing in place. And I'm telling you that I would get calls and people would just be like, you know, let's do it. I mean, it was that simple. And they'd be out of state and then it never even came to see the property or anything.

Joe: They don't even necessarily have to be no money down deals. It's just, you know, you have to put you say in there in your marketing or whatever. Talking to them, you've got to put 25 percent down. So, you know, they're expecting to put some money down on the property and you've got a good bank that will lend on those deals. OK, cool. So what's your average profit on one of these deals that you do?

Justin: It's about 10 to 15 on the ones that I'm, you know, kind of partnered with another investor. Even with partnering. No, that's usually for me. So I will typically, if I can, I will markup. You know, I want the other wholesaler, of course, to be happy, the other investor. So if I don't have to negotiate them down at all, if I look at the numbers and I say, hey, they work, I will just simply mark mine on the top and give them, you know, what they're asking for.

Justin: You know, sometimes just other investors get it. You know, it's just a numbers game. And sometimes, you know, they're just asking too much for what the numbers say it can work out. And I might have to negotiate a little bit with them. But I typically make just on the top of, you know, kind of what I have negotiated with them. And that's typically how I do it, as opposed to like a 50/50 split.

Joe: We had a deal one time that we lost and the buyer got real mad because the guy was advertising it on Zillow for forty thousand. The wholesaler was. And then we were trying to sell it for forty five, maybe five grand. More than what. So the owner, the buyer, when he went to go research the property, he saw it on Zillow for five grand less than what we were selling it to him for. And he was real upset and we realized, you know, we can understand why maybe. It was more than five grand, it might've been 10 grand or something. But we should have just clarified with him at the very beginning. You know, hey, this is what we do. We're going to market up a little bit. Even met his criteria. Right. It met his criteria, but he was still mad. He thought you were taking advantage of him. So how do you have that conversation with your buyers or how do you talk about how you get paid? Makes\ sense?

Justin: Yeah. And I think that's right there. But you just said is huge. Communication is very important. And it's both with my end buyer and also the other wholesalers. So, you know, taking it from the beginning when I'm working with the wholesaler and I see, you know, that they've got to do I tell them, you know, hey, I saw this deal that you posted. You know, I have a buyer that this should fit their numbers, you know, is it OK if I send it to that? You know, they say yes. Then what I typically do is I'll sign an option contract with the other wholesaler. So the option gives me the, you know, equitable interest in the property to be able to advertise it to my buyer to send it to. And so the option contract. It's great because it does no obligation for either party. There's specific verbiage in the one that I have that says if the other you know, the other wholesaler, the owner or the seller, whoever it is, if they find a buyer before I do, then the option is just automatically terminated.

Joe: You give an option agreement to the investor wholesaler.

Justin: Yeah. Yeah. So I give that. So I have that kind of equitable interest. And I tell them, you know, hey, if you find a buyer first, there is verbiage that's typically in there that says that this contract is just voided. So it doesn't hurt you at all. You I think it's doing is giving you access, you know, to my buyer, to my buyers list. And then for me, if I if my buyer doesn't want it, it's just an option. So I can just let it fall through. So it doesn't hurt either party. But I'm very upfront with that. That other wholesaler, other investor that I'm not going to be the one purchased it. I'm bringing a buyer to that. I believe they should do that with, you know, everyone that you work with. And then I tell the buyers, well, I say, you know, the only way they make money is I make money on the difference between kind of what I'm buying and selling it to you. So they get it. And I kind of go above and beyond for my buyers to. So they all love me. I mean, the buyers I work with, they absolutely love me. They don't care that I'm making money on it. It fits their criteria. I've been upfront from the beginning and it works very well.

Joe: So then how do you close the deal when it comes time? You have you have the wholesaler as a contract with the seller and now you have an option contract with the wholesaler and you're bringing in a buyer. How does it all work at the closing?

Justin: And so what I'll end up doing, by the way, too, after my buyer says yes. Then I'm either getting under a standard contract or I'm doing, you know, an assignment. One of those two. But it really does completely depend on the situation, because sometimes I am working with. It's just another investor I know, but they actually own the property. So they're not wholesaling it. So it's kind of different situation there. If it's another investor, a lot of times what I'll tell them, I almost always double close if I can, unless it's a very, very small fee. I almost always double closed because even if my buyers, you know, tell me I don't care what you make on it, that first time they see, you know, twenty thousand dollar, you know, spread there, then on the next day there's still a problem going to go through with it. But then in their head on the next deal, they're going to be like, oh, I can negotiate this down by 15 grand. So I double close as much as I possibly can.

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Justin: Yeah. It truly is. Sometimes, you know, if if the other wholesaler isn't making as much, I just say, hey, I'll sign, you know, a finder's fee agreement with you. Just get me on the contract with the original seller. You know, you can be out of it. And I'll sign this finder's fee agreement that says, you know, I'm going to pay you five grander or something like that. So, yeah, I really does. I've structured deals so many different ways. I've been part of a couple where like five different people got paid on them. So sometimes you're gonna get a little bit creative.

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Justin: Yeah. Yeah, absolutely. Yeah, you're right. I do. I try to. Yes. Especially because I've had so much experience with doing kind of a lot of these creative ones where most investors haven't. So I just tell them like hey, this is the best way to do it. Like, just trust me. You know, it's kind of get done. But this is the best way that we can do this particular one. So, yeah, it it just it really does depend on that particular transaction.

Joe: OK. Do you need a real estate license to do this? Do you have yours? Do you recommend it?

Justin: I do not. I've honestly gone back and forth. You know, I've been in this industry for 10 years now and I went back for a long time. I know. You know, if I should get it or not. But no, I do not have my license. I personally think, you know, as long as you have access to the things that you need, I think MLS access is pretty crucial. And as long as you have some sort of MLS access, which you can get that through a real estate agent. They can set you up as their assistant. So you might have to do a little work for them, you know, to make it, you know, as as a kind of a trade. What you need to be set up like as their assistant. You can get MLS access so if you don't have your license. That's one way that you can do it. MLS is huge for being able to, you know, run comps and whatnot. But yeah, no, I do not have my license.

Joe: Could you get paid the same if you had your license? Do you think so?

Justin: I guess you can do it in the form of commission. I mean you could. You can still wholesale if you have your license. So I guess you could still do it the same way. You also could if you're an agent or, you know, kind of wanting to do a similar strategy, you could also work up an agreement and say, hey, I'm going to make three thousand or five thousand per deal. You know, as a commission. We're just going to set that, you know, number in there. Yeah. With the buyers. Correct.

Joe: And then, yes, the commission from the seller in addition to you could write.

Justin: Yeah. So you can you definitely can, you know, still do it if you have your license. You can do essentially the same thing. That actually gives you that extra option of being able to get a commission as opposed to, you know, making a spread making an assignment fee. You can just do it as commission.

Joe: When you send the deal to your buyer, do you put together any kind of report? There's a lot of tools out there that gives really amazing reports with cash flow projections and all of the metrics and the ratios, cash on cash return, ROI yields, internal rate of return, things like that. Do you put together packages like that and give them to your buyers?

Justin: And so I don't go to that much trouble to put together a full package. You know, there's absolutely nothing wrong with that. I mean, it makes it look. And, you know, it's very professional the way that's being presented. I do run, so like my ROI calculations that I do, I take 40 percent of the monthly rent as operating expenses. When I calculate that. So if a property is, you know, renting for eight hundred dollars a month. So you multiply eight hundred by twelve. Ninety-six hundred to get your yearly amount. You yearly rent.

Justin: And then multiply that by zero point six. And so that gives the actual net operating income or projected net operating income. So you're taking 40 percent there. And so if you divide that by your purchase plus your repair, the buyers all-in costs. Then you get that projected ROI. So I will do some some brief calculations like that. So typically, you know, provide them with the address, you know, the beds, baths, square footage, the price, the rehab pictures, ROI projection. I'll provide them with all of that. But I don't, you know, actually put it into any sort of like packet.

Joe: Do you try not to commit to a rent where rehab costs, ROI numbers? Because has that ever come back to bite you if you say, hey, this property can rent for eight hundred. They can't rent it for 750, or you say the rehab is gonna be ten, but it was really fifteen grand. Does it ever come back to you?

Justin: Yeah. One time it did. This is kind of early in my career and the investor, a buyer came back and was like, you know, you have it as ROI or I might even use cap rate at the time you had it at this certain percentage. And that's not what it's produced. And so ever since then, once again, and this all comes back to like being very upfront. So, you know, I say projected. Now if I know my buyer, which just happens a lot of times, too, if I know who the buyer is and I know that they use this particular property manager or this contractor and they go out and they give the bid and I'll go ahead and I can just give that number. Be like, hey, this is from, you know, Christian. This is from, you know, your property manager. And obviously they can confirm that with them. But I may give that. Now if I'm just, you know, estimating myself, then I will always, you know, put that I'll say, you know, estimated R.O., I estimated RAD, estimated everything I tell them, you know, for like the rent, you know, I'll look at Zillow and I'll look at renovator and I'll look at those two resources time. So I'm actually running you know, kind of rental comps. So I'm giving them as accurate a number as I think I can provide, but it's still just, you know, an estimate, so. So yeah, I do tell them that that, you know, these numbers are estimates. They're not hard, you know, figures.

Joe: Have you heard of dealcheck.io. Man, I love this tool. Seven bucks a month and I don't get any commissions from it or sell it. You know, I'm just had the guy in my show a couple, three years ago and I created the software. It's seven bucks a month. It's amazing the quality of the reports that it puts together. And you if you had the one percent rule when you put the information in there and it imports the information from Zillow or from the MLS or whatever, and you can say calculate an offer based on the one percent rule or it could be minimum cash flow, 300 a month rule or ROI, 10 percent. It will spit back to you the numbers, but it gives really good, nice report's projections. Ratio's, pictures, all of this good stuff. And I thought about how it would be really cool. I've never used it to sell a deal to an investor, but it's an amazing tool. A lot of people could use to find good buyers. Something to think about.

Justin: Yeah, that's actually that's very cool. Especially if, you know, you just kind of input the information, you know. Yeah. And then it just does like all that for you and then it just gives you know, and for seven bucks a month, that's nothing.

Joe: Yeah. You can. You got to just make sure you're letting your buyer know these are projections only right now. The good thing is it gives you really good comps. I'm blown away, gives you rental comps and sold comps and you can choose which ones to show under the report. Pretty cool. I just got a couple more questions. Justin, appreciate you being here. What happens when things go bad, when the deal goes bad? You know that investor a year later, six months later, rehab was more than they expected. The manager didn't work out. It might be the buyers, just really high maintenance. You know, there's a lot of buyers that are really high maintenance.

Justin: What happens if a deal goes back in and that it does happen sometimes? I mean, I try my best to, you know, be able to give them, you know, good referrals of people that, you know, I trust so that they're going to be taken care of if something happens and they call me in on it is six months or a year later. I trying to do what I can to help them out if there's anything that I can do my well. And but that being said, you know, it is it's an investment risk. Just like if you buy a stock, there's no guarantee with that. The stock could, you know, drop by 50 percent the next day. So, you know, it's an investment. So there is obviously a risk involved. But if there's any way I can help, I will. And like I said, I try to put them in the best position possible to succeed by providing them, you know, with good referrals.

Joe: Nice. Excellent. So I've made a list of questions, really fancy kind of Post-it note questions here and this. I love this business. This is something that I started doing in 2012. You already been doing it a couple of years at that point, but we're mutual. A guy named Rick Hine. I'd encourage you all to listen. Go find that podcast I did with Rick. He was my acquisitions manager's, part time pastor, working at Home Depot part time. I brought him on and we started doing a lot of seller marketing and getting frustrated with the lack of leads. And then we had found some really good buyers and had a phone call with a good friend of mine, Ken Clothier. And Ken said, hey, you should try finding the buyers first. It's a revolutionary concept.

Joe: And sure enough, I'm not kidding. Within two to three months. We had to stop doing our seller marketing because we had so many good buyers. All we had to do is start spreading the word out. And Rick was really good at just calling every wholesaler he knew and sending emails every week. Hey, you've got do you have any deals? Do you have anything? And we would. We had people bringing us deals. We had realtors bringing us deals saying, hey, listen, I don't even need anything. All right? Just take care of my client. We had other wholesalers that were new, like, I don't care. Just give me five hundred bucks, you know? And we had other people bringing us deals. It's the coolest thing in the world.

Justin: Yeah. I love that. And then I remember, you know, you talking about that before three kind of like, man, I just absolutely love that strategy. And you know, the money that you're spending and that seller advertising. So after you found these buyers, how much are you spending after that? You know you're getting everybody to bring the deals to you. And you weren't spending any money in advertising.

Joe: It was an investment in time. And Rick is so good. He's very accessible. He's, and I'm sure you are, too. When buyers are calling you, you don't hide behind it. So you're not hard to get a hold of. You know, you're easier to get ahold of. And in a sense, you're almost the boots on the ground for that buyer, although you're not the boots on the ground managing their project. Right. But they like you, they trust you. And they know that, you know, if they have a problem, you go, they can call you and you can help them, right?

Joe: Yeah, absolutely. And so, you know, I tell them that, you know, I'm like, hey, I'm not going to do the rehab. I'm not going to manage a rehab. I'm not going to be the property manager after the rehab time. But that being said, you know, I obviously want you to be successful. There's one thing I can do for you every once in a while where you need me to help out. And absolutely, I can do that for you.

Joe: Very cool. We have a lot of people posting comments in here. And I got a couple of questions for you, but Ralph says cool. Aaron, what's up? How are you, man? We've got Antonio from Orlando. Ralph Kim from Kentucky. Elmo from Florida. How you doing? And D.L., D.L. from New Jersey. Nice. Ralph is saying here. I got REI Simple. It rocks. It's awesome. Nice. Aaron says, yes, setting it up and it's great. Jai is here. What's up, man? And somebody else here? Giselle is asking, how do you structure the partnerships? I think you kind of already answered that. But if you have another wholesaler who's bringing you a deal, you sign an agreement with them or is it just the option agreement?

Justin: Yeah. So depending on the deal. So if I take a look at it like, hey, this these numbers already work, you know, I don't need to, like negotiate at all. Then I will send the option contract initially, just so you know. So I have that equitable interest, too, to send it to my buyers. A lot of people, you know, want and, you know, it's probably never gonna be an issue. But I like having that equitable interest in the property, even though I'm not like blasting it out, sending it to a bunch of people. I'm sending it to, you know, one or two individual buyers, you know, just make sure we get that signed real quick. And then after that. So I will then basically just give some of the other wholesalers asking, say, fifty thousand dollars for it. I'll just send them a contract with my name as the buyer for fifty thousand dollars.

Justin: And then I will turn around and then, you know, sell it, you know, to my buyer for sixty thousand. So I'll sign another contract with that. So with a double closed there's A to B and B to C transaction and I'm the B person and that transaction. So the A is the seller or other wholesaler or other investor. So they're signed to me as a and I'm buying it as the B and I'm turning right around and then I'm selling it. So on the second transaction has to be I'm the seller and then my end buyer is the C person in that situation. And so I, you know, markup the price. Ten, fifteen thousand dollars. And then, you know, double close. It's I go at the closing table when I sign the documents for buying and selling, you know, pretty much immediately.

Joe: And you're telling me, do they do it. Do they require that you bring some transactional money to the table or they will let you use your buyers and money, the end funds to close the whole thing?

Justin: Yeah, I typically don't. So I have, I've got a couple. So some will allow me to use the end buyer's funds to just fund the first transaction. Other ones they have like an in-house transactional funder. And it's way cheaper than if you're trying to find, you know, your own transactional funding. You can get very expensive. Not saying, you know, don't kill a deal over it. You know, making ten grand. You've got to spend even twenty-five hundred dollars in transactional. Funny. Don't do it. But if you've got no other option. But I have, you know, some companies where I mean, they'll charge two hundred bucks for their in-house transactional funding. So yeah. I'd never have to like find it outside transactional funder to get the deals right. Awesome.

Joe: Peter, this is really good information. Nice. One Princess Warrior. New student here, Giselle, yes, my house deals was the Web site. Yeah, we talked about appreciate the kind words. Jai Welcome, warrior. You're in good hands with Coach Joe. So somebody here is saying Giselle. Are you vetting the sellers yourself or is your wholesaler? So the wholesaler is getting them under contract? Yep. And it's good to have a preferred vendor list. I agree. Warned. We answered his question. Thank you. Aaron is asking, can you double close with your wholesaler and JV partner on the same contract? Yes. And Rebecca is correct. Transparency is key here. Right. Very important. Very, very important. And Rebecca says, again, everyone does it different to get the deal done. Just so brings a good comment here. You can still wholesale as an agent. The fee will be reported on a separate line on the hood. And then Giselle also says sometimes as an agent, you will want it to be a fee versus a commission because of the split with the broker.

Justin: That's a good point, because you will have to split commissions with the broker.

Joe: Yes. Somebody is asking, is that tool deal? Check that aisle better than bigger pockets. Bigger pockets as a reporting tool. Yes. And unless bigger pockets in the last couple of years has really made some big improvements, go check out deal.io. Check that. I oh, I don't get anything from them again, but it's pretty good tool. Oh, look at this. Do you teach this like…. Of course, I came on a few minutes late, so my apologies if you already mentioned it. Great question. Justin, how can people get a hold of you if they're interested in learning more about this?

Justin: Yeah, absolutely. So. So especially for any of Joe's listeners, I'm actually offering just a free five-day course. So you guys get a lot of information here. And so if you just go to course.buyerfirstwholesaling.com, you can go ahead, you can sign up and you'll get a free 100 percent free five day course. I mean, on how to do this. That's right. I mean, they disappeared for a second. I think there. Is that it? Yeah. First is misspelled. Other than that, that course, that buyer first wholesaling dot com.

Joe: So this is an interesting domain. Oh, wait, where to go? There is course.buyerfirstwholesaling.com.

Justin: Yeah. That is correct. So yeah, you can go there. Anybody whose last name you get a free five-day course on exactly what I'm talking about. I kind of go over a little bit of my background. So before finding this strategy I had some fixed and flat deals that went south and I mean it almost bankrupt me. It was it was really bad. And so the highway I survived is really by taking out a very high interest credit card debt. So moving to hear about, you know, all the successes and failures that have kind of got me to this point and to, you know, creating the system that I have. So go check that out if you want some more information?

Joe: All right. Appreciate that again. Course dot buyer first wholesaling dot com. It's a free five-day course on everything and Justin is talking about here. Glad to finally get you on the show, Justin.

Justin: Absolutely. Thanks for having me. We'll have to get together after, when we're able to.

Joe: I'm looking here. Giselle, sweet. Well, thank you. Yeah. By the way, guys, if you're watching this and YouTube or Facebook, please type in the comments that url so that people can see it. course.buyerfirstwholesaling.com. Thank you, Giselle. You're welcome. One princess warrior. You're welcome. We appreciate you all as well. Again. All right. Hey, thanks, Justin. We will see you later. Take care, man. All right. Thank you. Goodbye, everybody. Have a good one.