How to Generate More Leads For Little or No Cost with Richard Roop (part 2)

Hosted by: Joe McCall
Guest: Richard Roop

Joe: How you doing, Joe McCall here, The Real Estate Investing Mastery podcast. Hopefully you can hear me okay. I'm on my old microphone right now, but I've been having some issues, but I think we're gonna be OK. This is gonna be a good episode. I've got my good friend and one of my mentors, Richard Roop, on the podcast today. We're going to be talking about how to find more leads, which equals more deals with little to no cost. And we're also going to be talking about one of my favorite strategies that I learned originally from Richard. And I'm also starting to focus more on this today, all about the what he called the ultimate strategy of finding free and clear homes and structuring owner finance deals. So this is gonna be really, really insightful, educational and important. You need to pay attention to this. All right.

Joe: But first, a couple announcements. Number one, this podcast is brought to you by my book. It's a little book here. You can read it about two or three hours. I say this often. I spent so much time writing this book. When I got it back from the printer, I was so discouraged because it was so short and small. Right. But started reading it and the feedback that I've been getting. It's been really, really good. People love this book. And it's really the strategy that I used to quit my job way back in 2009, just with flipping lease options. And I talk about how to do that from beginning to end. In this book, and you can get it for free, just pay a little bit of shipping handling. I'll send it out to you. You can't get it on Amazon, so get it here at WLOBook.com, WLOBook.com and I also have the same book on audio. You can get it for a buck ninety nine, I think. WLOAudio.com.

Joe: And just as a heads up, I don't know, some of you all remember even back a few years ago, probably five or six, seven years ago I had a book called Brilliant at the Basics. And I've been thinking a lot about that book and I'm thinking about resurrecting it and bringing it back and updating it. And I'm going to do a Brilliant at the Basics new version for lease options. And I'm thinking about doing another version then for wholesaling. So it'll be two different books. And I'm kind of announcing it here on the podcast to hold so y'all can hold me accountable to getting that done. OK. So go check it out WLOAudio.com or go to WLOBook.com.

Joe: And a lot of you guys are right now watching on Facebook or the YouTube's. And I'm gonna bring Richard on here in a minute. But if you're watching this, tell us. Hi, tell us where you're from. And also, if you have any questions, please type them in the chat. Any comments that you have typed them in the Facebook comments or the YouTube comments. And they will show up here on my screen and hopefully I can bring them up, especially if some of you guys have some questions for Richard Roop. This is the time to ask them, OK? So just say hello. Say hi. And Facebook and YouTube. Let us know that you're out there. And if you have any questions, type them in. And love to bring you on. Okay. So are we ready to get the man of the hour? Richard Roop. And Richard, how are you?

Richard: I am doing awesome. Joe, how are you?

Joe: Doing really good. So we've been having a little technical issues here. So please, Richard. Feel free to interrupt me if my mike is going out.

Joe: You know, and it's sounding weird, but I will raise my hand.

Joe: OK. All right. Now, you're looking good. Thanks for being on the podcast. I've gotten some really good feedback. You've been on my show before. Thank you for being here again.

Richard: Oh, that was a great show. I listened to it three times myself.

Joe: Those of you that don't know what we're talking about, Richard. Kind of spilled the beans and shared the whole enchilada. Whatever that means. But just talked about kind of what happened over the last five, six, seven years. Richard, as those of you that don't know. Let me just give you a quick introduction. He's one of the guys who got me started in the creative real estate side of things. I learned a lot about owner financing and subject two's and lease options from Richard and all of those probably hundreds of CDs that I had from you. And way, way back starting in like '06 through '09.

Joe: Pretty much, you know, for three or four years. I remember I had so many seeds in the back of my car that I couldn't keep track of them anymore. They were just back there. I'd listen to him and I forget to put them away or something. But glad you're here. And Richard, we've got a lot of people here. We've got Rob from Jersey Shore. Skip says, Hey, what's up? We got Jai. What's going on? Phil from Vilanova. Nice. And Rick is saying hello as well. So thanks for being here, guys. Go check out that podcast I did with Richard Roop just a few weeks ago. Yeah. Look at this. Ayeshu says Richard, who has been around in the creative real estate financing field for the longest time. He's been around for a long, long time.

Richard: Well, not the longest time, but a while. Yeah, I got started in the real estate space in 1996.

Joe: OK, cool. So we go deep into all of that stuff. I'm on the previous podcast. You guys go to RealEstateInvestingMastery.com and do a search for Richard Roop and you'll see that other podcasts that we did there. Listen to it. It's an amazing story. And Richard is finally coming back, which I'm excited for. And I'm really glad that he is. And so he was active on Facebook. And I said, Richard, hey, can I get you on the podcast? I'd love to talk with you a little bit more. And so he's agreed to do that. So, Richard, on today's podcast, I want to ask you some questions, because you're one of the best experts in the field on this on creative ways to get more leads, to get more deals using little to No. They talk about what are some of your favorite ways to get more leads and to close more deals?

Richard: Well, to get more leads and to close more deals, my favorite ways would be to be a big, big fish in a small pond. So with every type of marketing campaign, whether it's, you know, online, off line, you know, fliers, direct mail signs, letters, anything that you're doing to generate leads, if you can focus all of your efforts into a small market or a small list and hit that market or list over and over and over, that would double your response if you just hit someone four or five times over a period of time to the same to the same list.

Joe: I remember you saying that over and over again so many times. Big fish, small pond hitting them over and over again. Why is that consistency so important? Well, you know, most people tell you their first piece of marketing and then just like, forget it. Why is it so important to keep on doing it?

Richard: Because it helps build credibility. OK. If they see you more than once, actually you become real to them. It also people will get your marketing message and they're interested, but they're busy. So they'll say, I'll get to that later. And they forget about it. So you remind them and they say, oh, yeah. I was going to do that. I'm going to call. They don't. And then they get the third one. Oh, okay. I'll call. You know, that's the mechanics of it. By being a big fish in a small pond, you can actually afford to hit people over and over and over. So it's much better than sending, you know, 10000 postcards to ten thousand people one time. You know, it's much better to hit that, you know. Two thousand people, five times, OK? You'll make more. You'll get more deals. You you'll make more money for the same cost.

Joe: Explain what a small pond is like. Is that just like two or three zip codes? How do you define that?

Richard: I actually started doing some one on one coaching. You know, we had a great coaching program back before I retired for five years. And I'm working with some coaching clients and we're actually working on their farm areas. And my opinion, I bought over 500 houses in a county of 14000 people. Yeah. And so I thought that maybe 80 percent of my deals were in that county. And then maybe another 20 percent, 30 minutes away down in Colorado Springs. OK, but I was a big fish in a small pond. I would do direct mail. I would do signs. They would see me driving around in my Lexus that says we buy houses plastered all over it. We had a small community newspaper so I could run a full-page ad for a hundred bucks. Really, OK. And I would have my entire advertorial for a hundred bucks. I'd do that about four times a year. It was a monthly free shopper magazine, but because it had a small circulation, it was cheap and but it hit my farm area. OK, then I could also do a flight, put that on a flier, do a flier insert as well, which I like freestanding flier inserts. I also put the Post-it notes. We talked about the Post-it notes last time. I'd have the Post-it notes applied to the front of the newspaper.

Joe: How often would you do that?

Richard: That's a couple times a year because I would you know, I had run my editorial. I might do a flier insert, I do Post-it notes. I like the Post-it note one. But I also had you know, it depends on how many deals you need, Joe, because once you're doing a lot of business. You want to ask for referrals. You want to ask the people that you're doing business with and the people you don't do business with for referrals. Right. And then you could create those naturally organic referrals. Right. Because you take care of people. Another great way to get leads is networking. So I could I joined the Chamber of Commerce. I joined the Teller County Economic Development Council so I would network with the local people, you know, local business people.

Richard: And they own houses and they know people that have houses and, you know, so networking, again, if you're networking in a small community, you can make a big impact. If you're in a metro area with, you know, a million people, you don't have the same you don't make the same type of connections. So in that case, if you're in a larger farm area and you're networking at a large event, then you really have to identify the people that you really want to build relationships with. OK. So I think it's better just target the smallest viable market versus to try and spread yourself out too thin. So if you're in a bigger area, what's the population in your county, Joe?

Joe: I was just looking at while you were talking, St. Louis metro area is about 2.8 million. You know, Kansas City, two point one. Indianapolis is two. So what do you tell people that are in like a two to three million dollar, three to three million population?

Richard: I would pick an area of one hundred thousand people. Okay. And preferably five hundred. Fifty thousand. OK, but you might have to go to two hundred thousand. So right now, based on what I'm learning, the smaller. Better, but if you need to start with fifty thousand and then just target that fifty thousand, if you're not getting enough deals, then you can grow geographically. So if you're in a rural area that might be growing, you know, 30 or an hour away. I mean, how many homes are around right where you live? Joe? Within ten minutes. Yeah. So you can't just dominate around your office or around where you live. And you can also go where the fish are. So maybe the more motivated sellers are on the other side of town and you specialized on going over there, what kind of homes would you like to target?

Joe: And, you know, like is there a certain price range, certain type of home? Would you stay away from the really cheap ones? Stay away from the really expensive ones? Where do you target? If you're in a big area and you pick your farm or what? What type of home are you trying to target? Have certain price range, you know, small, medium, large, expensive, cheap.

Richard: Well, you mentioned about talking about the ultimate strategy for buying houses, going after high equity deals that you can do in any price range. But typically, if you're going to be a transaction engineer, OK, I like the medium price range and below, you know, so the medium and low are not the low end stuff that, you know, neighborhoods you don't want to walk around in at night. You know, you want to be able to I think, you know, decent people want to live. But that medium price range where there is a lot of buyers and there's a lot of sellers. So does that make sense?

Joe: Oh, yeah. So in the St. Louis metro area, according to Zillow, the median price range about one hundred and eighty thousand dollars.

Richard: So, yeah, I would say the median price range is about a hundred eighty thousand where you live that I think. So I would I actually have formulas for this, but I would say, you know, like, you know, 250, you know, one hundred thousand, 250, something like that. Yeah. I mean, can you get a decent can you get a decent place for a hundred twenty thousand.

Joe: Oh yeah. Yeah. You certainly can ignore that. Those are the bread and butter that I like. I like to target the homes that are priced because that's where the most buyers are. Right.

Richard: Bread and butter is a good, good way to describe it. .

Joe: So let's talk about some of your favorite marketing strategies. I learned a lot about direct mail and postcards from you. Do you still like postcards?

Richard: Postcards are my number one strategy. You remember getting my newsletter right, Richard? Roop's Marketing success e-letter. It was, you know, so for many years from like 2000 to 2015, I published a free newsletter. It's called Richard Roop's Marketing and Success e-Letter. And I'm starting next up next week so I could go to RichardRoop.com. Go ahead and get on that list. I'm happy, you know, so I release a lot of cool stuff. And so, for example, this is a good question. Like, you know, what are the best list? Well, I've already written a great article on, you know, 15 different markets to target. And so I'll go in there and I'll make sure that that's up to date or whatever, and then I'll go ahead and, you know, either point to there where it's already at or go ahead and republish it. So I'm going to start releasing thousands and thousands of dollars' worth of stuff that will help you do more deals to my letter subscribers just to build that relationship.

Richard: And of course, I'll keep people up to date on, you know, interviews that I do like with you and others and, you know, events that I have planned coming up. So the lists, I like direct mail. I like my magic bullet postcard. I call it the magic bullet postcard because it works on any list. And so right now, I want to get some feedback on what are the best lists today. But I do know absentee owner, non-owner occupied properties are one of the best lists, have always been one of the best lists. And the postcard is just general. It's just real good copy, but it just says we want to buy your house, you know, and if you're interested, give us a call. Yeah. And by the way, you can send three postcards for the cost of one letter so that it's getting that multiple hit. And I put a what people write in a letter, Joe, I can get on a postcard now.

Joe: Postcard, can you talk a little bit about what has been the magic bullet postcard? What makes it unique?

Richard: It's it looks personal. So all of your advertising should either look like an article or advertorial. So, for example, that Post-it note we talked about last time, a little yellow, sticky note on someone's door. I wanted it to look like a delivery note. OK, we run an ad in the newspaper. It should look like an article or a or a public service announcement. OK, same if you're running ads online or if you're doing all of your marketing and you want to grab their attention, you don't want to look like an advertiser. That's the bottom line. You want to look like valuable content or you want to personal. So what's good about the magic bullet postcard is it is it's personal looking and it's personalized. And Joe, I got some really cool personalization that it's actually for video marketing. That I'm going to be I'm putting together for real estate investors.

Richard: I did my research yesterday. I had the idea. I did my research. So in the next couple of weeks, I will share that for free in my newsletter. Anything that you can do to personalize your marketing will get more attention. And I like it because it's cheap, it's low cost. And if you get a good list, it's very cost effective. It's not something you would just mail to everybody in the neighborhood, first class rate. But if you want to do that, you know, for half the cost, you can do it every door, direct mail. So, you know, cut the postage in half. You know, this and this is a good point, Joe. What's better? Putting a very lengthy sales message to get them to call you on an oversize postcard and have that go to everybody in the neighborhood or send it specifically to absentee owners in a wider geographic area?

Richard: So the small postcard is first class. OK. Every door, direct mail is bulk rate, so the postage is less. OK. Now, the way to compare those two campaigns is if I spent a thousand dollars on that campaign and I spent a thousand dollars on that campaign, you'll be this different number of postcards. Right. It's what you spend. And the return on investment. And if you're running Facebook ads to get leads, then, you know, you spend a thousand dollars on that. You compare that to the thousand dollars in direct mail or a thousand dollars and post it. OK. Or a thousand dollars sign. Some of the best things are really inexpensive. But you can't do them too often.

Richard: Like that advertorial. You know, cost me a hundred dollars to run that ad every time I spent eight hundred dollars to run that ad. I would, I would make about seventy thousand dollars. OK. The good thing about this business, Joe, is it's almost impossible, even with crappy marketing, you can still make a lot of money. Oh yeah. But if you if you're spending that money and you have a better design or you have better copy, a better message or maybe just a better list, you can you can do five times, 10 times more business for the same market dollars. That's why marketing is, it's my bag is because it's a high leverage point for any business.

Joe: Was your magic bullet, the postcard, the one that said free special report reveals how to sell your house as-is at a fair price on the date of your choice?

Richard: Well, that sounds more like the oversize postcard. The magic postcard is the small one that is in a typewriter font. I used an old typewriter font, so it looks like someone typed it out. You know, people know you're not typing down on a typewriter, but that's what it looks like. And it's personalized with their name in there and their county and their property address are merged right into the message. When they do that, we would have some graphics, we'd have a handwritten signature. We'd have a few handwritten notes on the postcard to make it a little more personal. And it was just black. Black and white.

Joe: Yeah, I think I found it here. My dear individual name, are real estate investment companies interested in buying your property at an address in city. That was a personalization. We're looking to own more real estate in this area and can offer you top dollar because of our long term buy and hold approach. So if you're interested in selling, you go on and on and on.

Richard: That particular postcard is designed for, the ultimate strategy. Because with the ultimate strategy, we have a long term buy and hold approach. So if you wanted to give the seller proper expectations, you could say: Because of our long term buy and hold approach and our network of other investors or whatever, you know, because if you're flipping, you have a network of other investors. So those are the so I might create, you know, acquisition models, specific postcards, but I've never had to do that. But I'm starting to see all the money people are spending, hiring other people to generate leads and they're just getting ripped off their spending way too much money to actually not get hardly anything. And they're just really getting ripped off. It's like, why don't they just fix it? Why don't they? You know, like, I have more of my coaching clients was paying for some done-for-you postcards and the postcards were crap so you could fix it all up for the same cost. Well, extra cost to have a good postcard versus a crappy postcard.

Joe: What makes a crappy postcard?

Richard: Three or four different fonts making it look like an advertising. Making it look like you didn't send it to one person, making it look like an advertisement. Like fliers, door to door, should not look like an advertisement. Ads should not look like advertisements. You know, display ads in the paper, ads online. They should look they should be look more like, you know, content ad, which I call editorial our advertorial or should look like, you know, an announcement, you know, like you like, for example. I haven't done this, but this is what I would do if I was going to create some ad. I wanted to match with someone online. Maybe their phone or their computer. I would make it look like a message from their computer to grab their attention. Don't do it in such a way that pisses them off.

Joe: So some of your older postcards, you would say: Call our 24 hour recorded hotline to listen to a voicemail. Then you give them another option to visit a Web site to read the special report or call the office to talk to somebody live. You still like that where you give them two or three choices to listen to your voicemail go to our Web site or call your office?

Richard: Yeah, it depends. OK, so on a small Post-it note, I may not give them the opportunity to call direct cut, but if you're not doing enough deals, then go ahead and give me that opportunity. OK. I want them to sift and sort themselves out before I talk to them. OK. What I want is I want my marketing to do all the work for me. So when they do call me, I'm happy to talk to them. But if I have to sift and store through a bunch of people just to find someone that makes sense to talk to. I don't have patience for that. But I would hire someone else to do that.

Richard: You don't have to. On a Post-it note, we would drive them to the Web site or like you said, maybe a free recorded message. Now, today, you can also do the texting. And that's one of the things in my strategic marketing secret sports. We'd always, with all the different ways to generate leads. We actually covered mobile, you know, mobile marketing, you know, signs online, off line, fliers, all the all things we're talking about. It's not that complicated. We actually talked about most of the best ways to generate leads. It's different types of media. OK, what people get caught up on is is chasing this shiny object. You know, they think, OK, I'm going to get leads through social media and I'm going to do everything to get all my leads on social media.

Richard: OK. But that's just one platform. That's just one channel. OK. And of course, social media is really about building relationships and providing value and pulling them off of social media so you can market to them. I don't think you should be trying to sell a lot of people stuff on social media. Not that's different when you actually have an ad. Right. But on social media itself, it should be about providing value content. Having a party, you know, building relationships, building your credibility. That's what social media is about. You can create a Facebook page and sell on your Facebook page. You know, other strategies around using Facebook and YouTube and LinkedIn to do real estate deals and to do all different types of business. But it all comes down. It's just a platform.

Richard: What really is important is that I have a good approach and a good message, and hit them over and over with different hits. And we'll see. So good message hitting the right people. And over and over. Something else came to mind.

Joe: Consistency that's most important. It's just even if it's the same postcard every single time. It's that consistency that's important.

Richard: Well, some people think, yeah, you have to have, you know, hit number two, hit number three, hit number four.

Richard: That's kind of the collection model. It's like Dan Kennedy's magnetic marketing model. And you can do that. In fact, I know people say I like here's what I like to do, Joe. I like to be honest in all of my copywriting. OK, so I know someone else. They showed me this card. He would send it out one time. He would say, second notice. Hey, we didn't hear from you the last time we mailed you. This is your last chance. But he's lying.

Richard: Don't start a relationship with lying. Don't lie at all. You don't have to. What I would do is I would just fix that. I would say I've been so busy. I meant to send you a postcard. I wanted to send you a postcard, but I thought I'd be, you know, I had to get it out. I didn't send the postcard before. So I want to get you out now. So this would have been your second notice.

Joe: One of the other things that bothered me also with some postcards. I said is I only have enough money to buy one or two more properties this month.

Richard: Bullshit. Right.

Joe: I see that all the time.

Richard: You know what drives me crazy? Here's the deal, Joe. Anybody who has any marketing tools that they want to improve on, I will be happy to critique him for it. And especially if you allow me to show that before and after and I can post it to social media or in my newsletter. I do that all the time. I would love, you know, the one I was telling you about with the client. I want to do that. With that, I had a real estate agent hire me. He has an office of one hundred seventy-five agents. He's one of my past students. He's very successful. Now he's got one hundred seventy-five agents. So he still buys houses. He's a broker and he's running this office. And every month he was running Valpak and Moneymailer. So he had a little flier in the Valpak. It was a hodgepodge of things that he put together over a couple years, he would just kind of update things now and then it was a complete mess. Right.

Richard: But he was still spending fifteen hundred dollars a month to get that out. I just spent, you know, half a day taking that and converted into an awesome Richard Roop style advertorial, you know, marketing message with a good headline, reasons to respond. Because on his other ones, he had too many reasons to respond, really had to come first. Here's the deal, Joe. When you send out a postcard or anything. What is what do you want them to do? Do you want them to call you or visit your website? Do you want them to fill out a form? What is the next step? So like we are talking about on a small Post-it note, maybe they don't have enough information. I want them to go online or listen to prerecorded next. Then I'm happy to give out my contact information.

Richard: But if someone's not getting enough leads now, go ahead and add that extra option because you want to be talking to sellers. How do you do more deals? Talk to more sellers. How can you? You can do that today. You could go on Craigslist. You can go on Zillow. You could be talking to sellers today. If you need more deals. So that's what's great about this business. If you have more time than money, then you can still do deals. But I want you to do a deal so you can take that money and systemize that and leverage your time, because that's going to up your results five, 10, 20 times. You know, that's just marketing systems together. And a lot of people don't have marketing systems. They don't have good marketing.

Richard: And that's always been the case. I mean, I was always the go to guy for that. But I still see it today. So people know the strategy, like they learn your strategy. And I don't know what you teach on marketing, Joe, but I know that you teach people a good strategy for acquiring properties. You know, use your lease option model. And I don't know everything about it, but people know that. But now if they're if they have to cold call sellers out of the phonebook or out of the newspaper. People just aren't going to do it. And it's not the most effective way.

Joe: So let's talk about the ultimate strategy. This is a strategy. Do you want to explain what it is? You can explain it better than I can.

Richard: All right. The ultimate strategy is what we call when you can target any type of property in any market where you target houses that have lots of equity. So preferably free and clear. So if we go get a mailing list, we're going to get a mailing list of people that, you know, don't owe more than 40 cents on the dollar, you know. So they have 60 percent equity or more. They don't owe more than 40, 40 thousand of what their house is worth. So and the reason why we did that, because the list broker I use, you know, you could only go from zero to 40. Then you go from 40 to 50, because a lot of the list was people that were looking for people with no equity. OK. I wanted equity so that you target homeowners in your farm area with the type of properties in the price range that you like that have equity. And then you mail them a postcard. OK.

Richard: And then what you do is you do creative financing, owner financing. So if they have a lot of equity, there is equity that we can pull out of the deal with, like private lenders to fund the deal or, you know, we can pay all cash. OK. Now, if it's free and clear, you know, we can we can we can. We have every bottle on the plant. Now, all these different acquisition strategies still apply, including lease option. OK, as far as controlling their house with a lease option. Now, what we negotiate is seller financing for their equity. OK, zero percent interest or very low interest. So that we get rapid principal reduction over time. So it's a buy and hold approach is typically going to be like a pretty house approach. House does need work. You can raise the money from the equity in the property to fix up the property and then hold back. But it is you want when you create zero percent owner financing. How quickly do you want to pay that off, Joe?

Joe: Well, I don't. So would you in that point. I mean, I do want to pay it off, but I want to hold it for as long as possible.

Richard: How soon do you want to pay off a zero percent loan?

Joe: I don't know. Not very quickly.

Richard: OK. So here's the deal. You have a choice. You can you can have the seller take no payments. So you get all of the cash flow from the property. Guess what? You're going to spend all that. And then when you go sell the house, you're not going to get much of a back in. OK. Right. Because this this allows us to pay top dollar for the house. If you sell it in a couple of years and you sell it for what you bought it for after cost and everything. You don't have a back in. But you've collected fifteen hundred dollars a month positive cash flow for two years. If you want cash flow, you can set it up that way. If you want to give half of the money to the seller, and the other half of the net cash flow and keep it yourself. Now you have a house that is giving you two, three, four hundred dollars a month positive cash flow and the money you're getting, the seller is paying down the money you owe them on the mortgage because they're the best right now. And then in that case, you pay down the house and then you've reduced your what you owe over time. So the longer it goes, the bigger your back end. And you have that potential of appreciation over that time.

Joe: During that time though, are you just renting the house out? Are you selling it? Are you creating a wraparound mortgage and selling it on owner financing?

Richard: You got three common exits. Number one, you can just rent it to a tenant. I would never do that. You know why?

Joe: Probably because they would not take care of it.

Richard: Because I hate tenants. All right. So typically, I'm going to sell it to someone on wrap around financing. They use an attorney. You do an all-inclusive deed of trust or wrap around mortgage. Okay. And you're charging your buyer five percent or six percent or four percent. Whatever you're charging, you're paying one or two or zero percent to the seller. OK. So you're wrapping it.. So basically you've sold it and you're just now in the middle.

Joe: How long would your balloon be with that end buyer?

Richard: I'm not in any hurry to pay off that underlying financing. Right. But I want to be in control. So I would ask them, how long would it be before you can get me all, you know, cash me out? Maybe I do. Maybe I don't even want to encourage it. In fact, if I don't want them, cash me out. I'll put someone who's most unlikely or I or needs the most time to to get back on their feet. OK.

Richard: Now, you mentioned this on our last call, substitution of collateral. So that's one of the tools that we use to ensure that we can actually sell the house. We don't have to pay off the seller. We just have to have a place to move the seller's equity onto another property with the same amount. So you can rent it. You can put a tenant buyer in there or you can sell it on a wrap. My favorite is, and the easiest, is a tenant buyer.

Richard: So why would I not just rent it? Because I if I just want to rent it, I'm going to put a tenant buyer in there.. I'm going to if I don't want them to close... The smallest amount of purchase deposit I get, the easier I make it for them to get in the house, the less likelihood that they're going to perform. So if you want them to close, get a lot of money down. OK. It may take a couple thousand dollars. I'd rather take a couple thousand dollars nonrefundable purchase deposit than a refundable security deposit.

Joe: If they do buy it in a couple, three years, you're still going to make money because you've been paying down for principal every month for the last two or three years. Right.

Richard: Let's say I have a 15-year plan with myself. I don't have to pay them off for 15 years. And I told them if I tell them upfront, if I sell this in a couple years, I'm going to I want to have the right to move your mortgage to another property. OK, but if I ever do that, I'll give you the opportunity to get paid off early. So they already know this is going to go 15 years. So if I sell it in two years, I call them up and I said, I'm selling the property. I have two choices. I can move your mortgage to another property or I can pay you off early. You want to talk about being paid off early. And so how can I make money paying off early? I might make money off without discounting it, but I'm going to discount it because I'm going to make more money if it goes for 15 years. And I want. That's how much money. That was my target profit. I'm going to get that money either by discounting the no because it works out for the seller or move their mortgage and have it go fifteen years.

Joe: So explain how you would move the mortgage. What is that? How does that work? What does that mean?

Richard: OK. So what you've got to do is you got an attorney involved. And I'm not given any legal advice or anything like that. But what you want to do is when you first set up with the ultimate strategy, we have all this in the course. You know, we have all this laid out. So, you know, you need to know all this stuff. But basically, they know that I have the right as the borrower to substitute other collateral of equal or greater value. So in order to do that, I'm going to give you what I know. But you really need to get some advice on this. I just have an attorney do it for you. What you do is you give them a new note on the other property. OK. And you secure it with the equity and then you cancel the original.

Joe: So if they're if you're borrowing an 80 percent loan to value it, that's where you're at. Now, with that seller, you're giving by another property an 80 percent loan to value of that with that seller's money.

Richard: OK. So in the ultimate strategy, a lot of times we're bringing in a it's as if it's free and clear. Let's say it's one hundred-thousand-dollar house. We might bring in 20 thousand dollars. One of our offers will be no money down. One offer will be twenty thousand down, one offer will be ten thousand. So let's say they take ten thousand down because actually it's a higher price than getting 20 thousand down or all cash. Right. So we bring in our first mortgage of 20. We give tend to the seller. And then the other 10 is to get the house occupied and put some money in our pocket to operate. Or whatever you need the money for. All the money you need on the deal you pull out of that first mortgage.

Richard: The seller is getting a second. So let's say I bought it for one hundred thousand. It's one hundred-thousand-dollar house. I have a first mortgage where I'm paying eight percent to a private investor. And then I have an eighty thousand dollar. Well, I gave him ten. So I have a seventy thousand dollar second mortgage. Right. So I owe 90. I owe 20. Plus 70. Yes, 90. No, I owe them. I only gave 10. So I owe them 90. Yeah. So now I owe 20 on the first and I owe them 90 on a second. OK, so I've actually over leveraged the property. Right. You would never do that unless you had the ability to move that mortgage. And unless the seller knew you were doing that. Because I'm paying down the principal over time. That's going to go into an equity position. OK. So if maybe in a couple years I paid it down. I owe one hundred ten maybe I've only paid it down to one hundred and now I'm selling it for a hundred. Right. Well I my agreement is to move their mortgage to a property with equal or greater equity. How much equity do they have? Zero. I mean, they had they had eighty thousand was secured by eighty thousand. Right. So I just got to put it on another property that has eighty thousand in equity. So does that make sense?

Joe: Yes, I think so. Look, you just who came in? You see that comment there?

Richard: Dan Duran, the marketing man.

Joe: Yes. Very interesting.

Richard: Yeah. I talked to him about a month ago. I talked to him last August. He called me up and he said, Dan Kennedy died. Oh, that was a rumor that was going around because we're big fans of Dan Kennedy. And we found out he was on hospice. He didn't die because Dan released this letter that was like his deathbed letter. He read it and it sounds like he's gone. But then quickly, we found out, no, he wasn't gone and he recovered. And he's back to doing events. So that's great. So I don't know, Dan, but, yeah, I got a chance to catch up with Dan Duran just recently.

Joe: Well, good. Dan's a good guy. Oh, great. All right. So if people want to get a hold of you, Richard, there's a whole lot more that we can talk about. Well, we've got to wrap this up. You have a newsletter, RichardRoop.com. People can go there and sign up for this newsletter, right?

Richard: Yeah. I'm going to publish it every week. I'm not going to spam you or anything. It's always going to be great. Yeah.

Joe: And you're also getting ready to re-release some of your courses. Is that right?

Richard: I'm uploading them right now on to some online course platform. And I'm going to actually I'm going to give a lot of it away for free. So I haven't figured out quite how to do that. I've always been guilty of giving way too much for free. But if I have something, I don't have anything to sell right now unless I just sell my old stuff right? Then maybe I'll give the old stuff, update it as a bonus. You know, so I'll figure it out.

Joe: Well, I just signed up for your free e-letter. And there's a free guide here, a QuickStart guide to five times five real estate profits.

Richard: Right. On my Web site. There is a link at the top it says Five by Five free Guide. Download that because there's forty-two pages of great content on how to become a transaction engineer. Now that course, the five by five course I am going to release that. I just went through it. It's great stuff. I don't have to change anything. I'm just going to add some stuff to it, but it's great. So that is a phenomenal course on how to make money without buying a house. Yeah, I'm looking at it right here. How to make a deal. How to make money on non-deals. How many non-deals do you get? Well, all the ones you didn't get a deal on are non-deals. So I show you how to make money on the non-deals. At the same time, you're learning how to do the deals.

Joe: Very nice. Very good. I just signed up for your newsletter. I encourage all of you guys to sign up as well. Go to RichardRoop.com. Richard, it's always a pleasure to talk to you.

Richard: And I invite everybody. Just follow me on social media. That's a good way if you want to interact. Yeah, get on my newsletter. Joe, this is, I love you. As you can tell, I love sharing this stuff. I'd love maybe some time down the road we can actually do a Q and A call because I love solving, you know, the challenges that my people might be having. So maybe somehow, we can do that.

Joe: That's a good idea. We should talk about. All right. All right, guys. Thank you so much. We'll check out Richard and Jack, Tom and this five by five profit system. I'm looking at it here. And it's eight. You said it's 40 something pages. It's eighty-six pages.

Richard: Well, there's 40 pages of marketing material that's 10 years old. So actually, those other 40 pages is a real description of all the stuff that I have that I'm actually maybe going to be rereleasing. But forget about all the offers. There's nothing for sale in there. OK, but actually, just reading all that, the description of they get really motivated and it shows you what's possible in your real estate as well.

Joe: This is good. Look at this. Eight reasons why you should not do a deal. Number one, it requires cash out of your pocket. Obviously, don't ever tie up your cash in property. Number two, there's negative cash flow. Never buy a property with negative cash flow. It's over leveraged. The seller owes more. There are extensive repairs as an undesirable property. It's listed with a real estate agent, limited financing options, luxury high end homes, mobile homes, vacant land, challenging market where it's very rural, located too far low buying, selling activity, war zone. I would add maybe number nine. Don't buy a deal where you don't where you don't have more than one exit strategy.

Richard: Right. You want multiple exits. And by the way, that list is the reasons why you wouldn't buy it a deal. But you can overcome some of those reasons if it's a good enough.

Joe: All right. Thank you, Richard, for being on the show again. I appreciate it. Sorry about the technical problems we got here. Bye-bye.