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## Don't Be A Motivated Buyer

Hosted by: Joe McCall

Hey, guys, what's going on, Joe McCall, Real Estate Investing Mastery REI In Your Car. Hope you're doing well. Hey, I got an example deal, a typical deal that I get from coaching students, that I want to just kind of keep it a lot anonymous, but give you the kind of typical details I get on a deal like this. And maybe there's lessons learned that you can take from it.

One of the things I've noticed is sometimes people can become motivated buyers. Right. So you're just like, I got to do a deal. You're excited. And you find the first seller that says, yeah, I might do a seller financing or lease option or, you know, there's a little bit of motivation in them, but not really that much. And you get excited and you're like, yes, I got one on the hook. I'm getting some nibbles, you know? And we become just too excited about it. And there's a big problem when you become the motivated buyer, whenever you try to turn lemons into lemonade, when it comes to finding deals, you're asking for trouble.

So, number one, you have to know your minimum criteria on a deal. You have to have your minimum criteria written down. What's your minimum cash flow that you have to have on a deal? What's the minimum profit or the minimum equity? What are the minimum terms that you need to have on a deal for it to work? Now, when a seller tells you how do owner financing and they want 25 percent down or sometimes I've seen this one example, the house is worth about. Let me just give you this example. And I'll kind of go from there.

The house is worth about two eighty-five. And the seller just wants to sell it because they want to move to another country. They want to move to another country, and they want the cash to buy a house in this other country. And it's a vacation. I won't say where it is, but it's a place where a lot of people go for buy second homes to go on vacation, stuff like that. It's an investment. He's an investor. It's an investment property. He just wants the cash and it's worth about two eighty-five.

And he said, yes, I would sell it to an investor for fast cash for 270. So that's more money than he would get if he sold it with a realtor. That's more cash than he would walk away with if he sold it to a realtor. And he wants he said, I may consider owner financing lease purchase, but he wants forty-five thousand dollars down. I don't know what that is. It's about 20, 25 percent down. Right.



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So let me ask you, what's his motivation factor, his level of motivation on this deal? On a scale of zero to 10, 10 being super motivated, zero being cold? I would give it a negative 10 like this guy has zero motivation, zero realistic expectation of what he's going to get for this property. So what do you do as an investor? Well, I was just this was just a coaching call that I was having a few minutes ago. And I told the guys said, listen, this guy's motivation is none. It's not even they're nonexistent. You just need to tell him to. He needs to list it with a realtor. You need to tell him I can refer some good realtors to you. You should list it with them because that's how you're gonna get the most money. I'm not going to be your highest offer, cash.

And if I do a lease option or owner financing, I'm not going to give you anywhere near that. And that's just completely unrealistic. He's not going to be able to find his own buyer or a tenant buyer or retail buyer and owner financing that puts anywhere near that kind of down payment on the property.

Right. So it's just his expectations are totally out of whack. He's not motivated. You just need to tell him the truth. We need to be truthful and honest with sellers and tell him sorry it. How could he work? That's kind of crazy. And sometimes you could even ask them. This is something Gavin does a lot. He says, listen, if you were in my shoes, would that be a fair price? Would you pay that price? Would you pay two hundred seventy thousand dollars for two hundred eighty-five thousand other house? And would you put forty five thousand dollars down for down payment?

What do you do? Well, look, let me try this a little further, because this this particular client was super excited. You know, he's getting into the game. He's starting to do some marketing. He's got a seller that's nibbling. He's kind of excited. He might have a deal. And so he's asking us as his coaches, how can I make this work right? What would you do? And he knows that that's a lot of down payment and he knows his motivation of that seller is nothing. But there is you just need to give the seller time to cook. No means not yet.

And sometimes sellers, they have to let reality sink in. And sometimes that takes a month or two months or three or miss. Sometimes it never does. And maybe he does actually list it with a realtor and gets more for it than he was expecting. Good for him. Right. That's why I always on almost every seller I talked to, I tell them you should list it with a realtor if you want the most money for it and you're willing to wait. You should list it with a realtor cause that will give you the most money.

Otherwise I can give you cash in exchange for my low price. I can give you speed and convenience for you can just leave it. Now I'll take care of it, fix it up, clean it up, do everything to it. Right now for the owner



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financing, you know, we can say, listen, I can make you an offer for I'll give you two eighty five. It's worth two eighty-five. Right. The guy said he would take 270 for it.

I'll give you two eighty-five and I'll pay, I'll put ten thousand dollars down. But I want principal only payments of, let's say it rents for fifteen hundred a month. I'll give you principal only payments of 750 a month until paid. So it's price versus terms. I'll give you your price if you give me my terms. Would that be fair? But if terms are more important, if they want forty-five thousand dollars down so they can go buy a vacation home in this other country.

Well, OK, maybe you can do that. Put down forty-five thousand dollars down, but you'll the purchase price will be maybe 225 instead of 270 and principal only payments of five hundred a month until paid. Or you could even negotiate, you know, put down fifty thousand dollars principal only payments. But the first payment doesn't start for 12 months. Right. That's a great thing about seller financing and lease options. There are so many things you can negotiate. If you're just coming in with cash and that's all you can offer. You only have one thing you can negotiate. That's price.

But if you can negotiate terms, you can negotiate down payment, monthly payment, term, number of years, interest rate, zero percent interest or interest only payments, price. There's a lot of things you can do. And even you can negotiate a moratorium, like not a moratorium. But, you know, like I'm not going to pay you any payments for the first year or I'm not going to pay you your first payment until I get the property fixed up and filled with a tenant.

You know what I'm saying? So all those things you can negotiate. The key, the most important thing I want you to take away from this is, number one, don't become a motivated buyer.

You have to know your minimum criteria in a deal. It has to cash flow. The fundamentals have to be there. There has to be some equity has to be price or terms your price or your terms. Right. Don't become the motivated buyer. And nine times out of 10, the seller has is going to have unrealistic expectations. That is normal. It's totally normal. Don't get discouraged. Right. Just make the offer and move on and be brutally honest with the sellers telling me that's not going to happen and I'm not going to be a cash buyer.

That gives you the highest price. You should list it with a realtor, but make your offer anyway and then follow up. I'm telling you, I see this happen over and over and over and over again. We just did a lease option deal in a little small town in Nebraska. Five, 500 people. Gonna make twenty-five thousand dollars



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on this Amish lease option deal. And the seller at the very beginning was. No, I'm going to sell it. He had it for list for sale by owner. And he said worst case scenario. I'll just list it with the realtor. All right.

But the problem was after we followed up with him, because we knew he didn't have much time. He only had a few weeks, no Realtor would list it. He wanted way too much for it and it needed too much work. They told him, well, OK, you can list it, but you'll have to listen for this and you'll have to go in and clean it and fix it up and fix that and fix that. And he's like, no way, I can't do that. So anyway, because we were nice to the guy, we were brutally honest with him and we told him what we can and can't do, but we followed up with him.

And then finally he said, listen, maybe we could do lease purchase on this. You don't have enough equity for us to buy it for cash. But you know, this property cash flows and this is why it works so well for us. It didn't have much equity, but it had over three hundred twenty-five dollars a month in cash flow. And we had a buyer already lined up for it, a tenant buyer, already lined up for it. So anyway, make sure you know what your minimum criteria is. Make the offers and ninety nine percent of your deals are going to come from the follow up anyway. So make your offers follow up. And I get this question all the time. I just I want I want to I want you to understand this is no question is a dumb question. Okay, I get it. You've never done a deal before.

But this kind of is a dumb question. And I get this a lot. The seller says they want fifty thousand dollars down payment. What do I do? That's kind of a dumb question, because you just tell him it's not going to work. It's not gonna happen. All right.

Hope that makes sense. Okay. Anything else I'm looking at, my son over here is driving, driving really well, and I think I've said enough. All right. So listen, I got a book for you guys that you need to get. It's called Recession Proof Real Estate Investing. It's just seven bucks and it comes with a mind map. It comes with a bunch of resources and it comes with a free wholesaling 101 class. It's a whole entire course on wholesaling 101. And I give you in that class our contracts for wholesaling deals and how we make the offers, how we find the buyers, how we do our marketing, all of that stuff that's in that course, but it's this book. It's a PDF, seven bucks, called Recession Proof Real Estate Investing.

And, you know, we're in a pandemic right now. Actually, we're going right now to play baseball with some friends. We just drove behind high school. That must have had a couple hundred kids all lined up next to each other, shoulder to shoulder on some kind of, on some drills. Obviously, they're not practicing any



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social distancing. Right now, the high school football teams, but whatever. We're in a recession. We really are.

And with every crisis comes an equal amount of opportunity. And so it's important as investors that we know and are looking for where the new opportunities are. And they're right here in front of our faces and they're coming. So we need to be prepared. You need to be ready and you need to understand how to pivot in this economy. All right. And one of the things I talk about in that book, *Recession Proof Real Estate Investing*, is it's coming up here is how to make multiple offers, how to make offers to sellers on owner financing and things like that. I actually give you my calculators to do that. So go get it right now. And REIProof.com, REIProof.com. And I will see you guys later. Take care.