Deals Gone Bad #7: How Being A One-Man Show Led To A Stupid Tenant Lawsuit w/ Todd Toback

Hosted by: Joe McCall
Guest: Todd Toback

Joe: Welcome back to the Real Estate Investing Mastery podcast. How's it going? Joe McCall here, your homeboy. Glad you guys are here. I'm excited about this little podcast series that I'm doing. It's called Deals Gone Bad. And this is the seventh one I think, that I'm going to be doing here. And I still got 10 or 12 more lined up. And a few weeks ago or a week ago, I put it on Facebook, who would be interested in talking about their bad deals? And we've all got them right. And a ton of people raise their hands. And I hand selected several people that I trust that I like and I knew would have something really valuable to share. Not so we can, it's not I'm not trying to spread gossip or have bad news always sells. Right. Especially in this election cycle that we're in right now, which thank God it's done. It's over today, today's election, as I'm actually recording this, but I'm not trying to what's the word, hyper Hollywood eyes or whatever.

Joe: But we don't we're not looking at the bad news at other people to look down our noses on them. But we're doing this to help you guys learn from the mistakes that other people have made. Right. And so we've all made mistakes. If you've been in the business long enough, you've made mistakes. You've done you had bad deals or you didn't do anything wrong necessarily. But something came around out of nowhere and smacked you across the head, something that you weren't prepared for. So the goal of this podcast series is to give you the lessons learned so you can avoid these same mistakes as well. And so the series is called Deals Gone Bad. And if you want, I've been keeping together all of my notes and the lessons learned in my assistant. Dana has been keeping notes as well, putting them in this mind map we're going to be including in this mind map, a link to all of the other interviews that we've done, the transcripts for these shows and a detailed bullet points of the top lessons learned from each of our guests.

Joe: And if you want that mind map, you can get it by texting the word bad to thirty one, thirty one thirty one or go to JoeMcCall.com/bad. Again text the word bad to thirty one thirty one thirty one or go to JoeMcCall.com/bad to get the notes and to just see the recaps of all of the lessons learned. I guarantee you guys, if you pay attention to this series of podcasts that we're doing, it will probably literally save you hundreds of thousands of dollars. So that's why I'm glad to be doing this for you. And today's guest is a good friend of mine and his name is Todd Toback. Todd Toback. We go way back. One of my first mentors and we became good friends over the years. I bought his course called Lease Purchase Wealth. And of course, you would have a coffee cup that says trophies for closer's.

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Joe: Todd is a beast when it comes to sales and talking to sellers, negotiating with sellers, negotiating huge deals. But anyway, I heard about Todd way back in 2007 or '08 and he had a course called Lease Purchase Wealth, and I bought the course and one of the bonuses was I got to schedule a call with him and I talked to him and I remember exactly where I was. I was in the middle of nowhere in this job that I hated in the middle of nowhere, Illinois working on a power plant, eating dinner at this hole in the wall restaurant, literally middle of nowhere, Illinois. And I had a call with Todd from my car and I was talking to him and I said, Todd, be honest with me. Tell me the truth. Can you really make money in this business? Can you really actually make money in the business?

Joe: He said, yeah, of course. And just that little answered totally flipped the switch for me. And I thought, OK, I believe him. I believe it. Like, if Todd can do it, I can do it. And so then over the years, we kind of became friends and the rest is history. And Todd, thanks for being on the show. Man, again, I've had you on, I think, two or three times before, you know that.

Todd: Yeah, I think probably more than that. But I'm really thankful to be here, Joel, and I'm excited to share my experience. And if you're listening to this and you've never done a deal, hey, guess what? You can do it right. You can. And so I think this is a great idea for a series. I think you're really, really good at creating stuff that your listeners want to hear. So if you're watching this live on Facebook, definitely subscribe to just podcast. Just phenomenal, phenomenal content. Joe, love you. And I love your content. So let's rock and roll.

Joe: Thanks, man. And you have a podcast yourself.

Todd: Don't your YouTube channel, Instagram, where you can catch me on the No Limits Real Estate Investing podcast will publish content every now and then. And if you want to go check out our site, we have another one called Next Level Wholesaling Dotcom. If you're looking to grow your wholesaling business, you're tired of being a one-man operation. I'm going to talk a little bit, actually, about how this deal turned bad because I was a kind of a one-man operation at the time. And so sometimes you think you're saving money, but you're not always you know.

Joe: That's so true. Listen to this. Todd was the guy who told me years ago, my assistant Dana has been working with me. Sorry, Dana. I don't know the seven years or so she and she's the one doing these notes helping me with the notes for this. Mind that, by the way. So hi, Dana. Everyone say hi to Dana. It was Todd who encouraged me to hire her. And it was one of the best decisions I've ever made in my business. Dana has been amazing. And Todd, you remember you had a local assistant and we were talking and you were

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saying because I was all about hiring virtual assistants and you said, no, Joe, hire a local assistant. And I was. So nervous about it because it's more expensive to hire local assistant, right? But taking your advice, hiring Dana, my income, my productivity trip practically overnight, just by having somebody that was smart and intelligent and could really help me grow the business so I could focus on things that. So that was a huge pivot, changing point in my business. So thank you for that. You're welcome. Do you remember and it was shortly after that that you fired your local assistant or she quit.

Todd: But I think the biggest thing the takeaway with that is you've got to work with really, really good people and you shouldn't tolerate mediocrity. And in turn, conversely, is when you have good people, you've got to invest in them. You've got to set them up for success. You've got to set expectations. You got to put in writing. You've got to do the painful stuff so that you can actually set yourself free because getting ready and prepping and training, we hate doing it. But actually, it's the very things that will get us out of the stuff that we hate. But this podcast is actually not about that. It's about good deals gone bad and how to avoid it.

Joe: So let's talk about that time. So you've been in the business a long time, probably 14, 15 years now.

Todd: Yes, I know. Jeez, two thousand two was my first real estate deal. So now it's 18 years. I keep on saying I've been in business for ten years. I know.

Joe: You're selling Viagra or something like that before this?

Todd: I was selling Viagra for Pfizer, which was a total blessing. It wasn't easy because you got to compete with everybody else. Right. So Pfizer was smart right there. You don't get paid on just selling a drug that people want to take. You have to compete against other people. But they understood to go back to our last point on how to train people. I mean, they had different phases of training. Phase one, phase two, three, four, five, six days to go away for a week. And they made its role and they videotaped us on camera talking to doctors. And they were always constantly evaluating us with performance evaluations. And sales was a really, really, really big part of what we did. They never let you rest on your laurels. And that's where that that gave me that gene. Right, because I was not a natural born salesperson. I'm actually kind of naturally introverted. But well, it's true. Right? And so the time and energy and the resources they put into you is just changed me forever.

Joe: Which goes to say, you're like, you're right. I mean, you are a little introverted, but even if anybody listening to this, if you are a little introverted, too, you can be a sales beast if you learn the right skill set

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and it's something that you really need to learn. It doesn't come naturally. It's not something you're born with. You can learn how to sell. And sales is the million dollar skill in this business. All right. I was I was saying easy because I thought you were going to say a joke about my age group.

Todd: I was. I dropped them a few times, but I figured I'd say today.

Joe: Thank you. All right. So let's talk about this bad deal. How long ago was this?

Todd: So this deal was back in two thousand twelve. And it's very relevant for today. And what happened was in 2012, I was doing some coming out of doing some lease options and the market was turning and I started to do more wholesaling. And so one of the things that I'd always done early on in my career was I'd done talks. And so I've done a talk at an escrow company just telling them that I was looking for deals and I was a one man shop. I'd gone to Sprout's and I picked up some sandwiches and they were five bucks each and I brought him in 13 people. So my total outlay was like sixty four bucks for some sodas and some sandwiches. And I just did a forty-five-minute talk on how I could save the escrow company's deals that were falling out of escrow. So if you guys have something fall apart, give me a call, I'll keep the money in house and I'll get the deal closed. Right.

Todd: And so I did the talk and it was a little seed that you plant. Right. And so for me, because I knew that sales were so important, again, not a natural and learned skill, but I knew that it was the highest paid at the time. This was me planting a seed at that time. And so it's really, really important that if you're new to this business, that you are telling people what you do, especially the influencers like the real estate agents and the escrow or title company. And so, lo and behold, about six days later, I got a call that, hey, we've got a deal falling out of escrow. Let me give you the lady's name. Her name is Victoria. She's the real estate agent and she is desperately trying to save this.

Joe: And this is in San Diego too.

Todd: Yeah, this is in San Diego. So Victoria calls me up. She goes, I've got this deal right now. This house is worth five hundred and fifty thousand dollars and you can buy it for one hundred and eighty thousand twelve. This is in 2012. Yeah. And I'm like what, you know, like something ain't right. And she's like, you can she's like, here's the scoop. The house is right next to this property that used to be kind of a landfill, but not really. And the house is fine. It's beautiful, but there's some county restrictions there because the house used to be in a landfill. You know how California are. They're just like crazy with the regulations and it's a big nothing. And so I did some homework. I talked to the seller and she goes and the other thing is that you

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can't get financing on this house, can't get financing. So I go down there and I find out and I talk to the seller, he's like, well, he's like actually he's like, I'm suing the city because they knew about this and I can't sell my property. I'm totally upside down.

Todd: So the seller owed seven hundred thousand dollars. On this house, he goes, I'm suing the city, and long story short, they've agreed to take one hundred and eighty and pay off my mortgage and basically do a short sale. So if you're confused, just know that the city agreed to pay the seller a bunch of money to get them out of the deal because of this supposed garbage dump. Right. Which was a big nothing. I can tell you that right now. Well, the only reason the House couldn't get financing, because I saw I looked in the public record, it'd got financing before. Right. And so this is the first lesson is that I knew that the seller had sued the city. And if you're just watching this, if there's a lawsuit involving a property, you can't get a loan. Right. Has nothing to do with the property. But it's something called the list pendants. So a list pendants was on the property. And so that's the only reason why we couldn't get financing.

Todd: So I looked at it. I said, this is a deal. I knew that I could rent it out for twenty-seven hundred bucks a month. I could buy it for one hundred and eighty. And I'm like, and this is a great deal. How much could you rent it for at least twenty-six hundred dollars a month. So you're thinking if I can't sell it, resell it I can at least just rent it and hold it forever. I could just rent it but I'm looking, I'm like, what if my money gets tied up in this thing? And I was coming out of the crash and I didn't want to lay all my cash in this thing, even though I got it for free. I'm not even sure I had the money at the time. Right. I probably did. And so I basically called up a money partner of mine and I said, hey, I've got this great deal right. Look at it. I told him everything. I said, I can't get financing. No one thinks you can get finance because it's supposedly garbage dump, which was nothing. Right? I mean, if I could show you the property, Joe was beautiful, had horse corrals and views, and a house was built in like two thousand nine, by the way, because the fire had rolled through there. I mean, it was like almost like something is off.

Joe: By Rancho San Diego, kind of in the distance?

Todd: This was right off the eight in El Cajon and Blossom Valley like Alpine, Alpine is just gorgeous. And so I said, look, this is the scoop. I think we can get financing. I know that as soon as we buy it, the lawsuit will be settled. Right. And we could refinance it right away. And so I said, look, worst case scenario, if we're wrong about this, we're stuck with this property. You put your one hundred eighty thousand dollars here and we're stuck with it for a rental for the rest of our lives. So we kind of laid out the the the scenario there.

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Joe: You had multiple exit strategies, which is one of the lessons learned.

Todd: But we're looking at three hundred and twenty-five K in equity from day one. If we can sell it, that's the bet. Right. So I didn't have a cent of my own money. I got my private investors on board. We agreed to split everything above that one. And if we got stuck with it, we said we'll split the cash flow. And long story short, we bought the deal and lost it, went away and we just rented it. And we said, now here's where the deal went bad is I was managing the rental properties at the time. OK, so we had one tenant at the time. I lease options the property first, at least the option, the property. And I collected some option money. They didn't exercise their option. We got to keep the option money. So that was great. We made some money on that. Right. That's not where this deal went bad. The second part, though, was then I said, you know what? I'm going to rent out this property. And again, this is in twenty twelve.

Todd: And I said, I don't want to pay the management company a full month's rent to find somebody, so I'm going to do it myself. So I put an ad out on the Craigslist at the time because that was a place where you found tenants found a tenant. And I kind of rush through that process. And then I found a management company and I just threw all that's OK, rent to these guys. Don't charge me that first month. Here you go and rent it out. What are you doing? And we are just a straight, normal, boring rent. This is just a straight rental, just a straight rental. And it's funny because they saw my ad from the previous lease option buyer. Right. Somehow they'd go with the property and saw it and they brought this up and I was like, now we're just renting it because now we sell. Property values are starting to go up. Well, long story short, we put these tenants in and I kind of got them involved half way.

Todd: Now, if you're if you're an investor or a business owner in general and you want to really empower team, right. You want to let them own the entire process. Bad things happen when you kind of get them involved in the middle of stuff, right in the middle of a project. And it's like a storm. And that's what kind of happened here. So the management company took over and these tenants were trouble. So they we got them in the property and they were paying every single month. Property value started to increase and they said, hey, do you want to buy? Can we buy the property from you? They approached me. And by the way, I'm still now kind of dealing with them because they had my phone number right when I when I met them. So they called me and said, hey, we want to buy the property. And I said, OK. I said, here's the price. They said, How much? I said, six eighty.

Todd: Because now the property values start to go up and they're like, hey, that's completely unfair. We saw that you paid one hundred eighty on the records and we know that this place is next to a toxic waste dump. And all of a sudden I'm like, oh right. That is they dropped, they dropped that, by the way, it was in

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the lease, but they just kind of dropped that. And I knew once I heard that where this was going. Right. So long story short, I got a feeling that they were going to try to use this in some way to try to get us down on the property, even though it was disclosed. So long story short...

Joe: You did disclose this in the lease?

Todd: Yeah, I disclosed it. Yeah, I just did.

Joe: You have to do that, do you think?

Todd: Yeah, I did have to do that because that was part of lawsuit settlement.

Joe: In California, though, even on a lease, you're required to do a seller's disclosure statement.

Todd: No, no, not to my knowledge. So anyway, this was had nothing to do with the laws, right? This had everything to do with my interaction with the tenants and setting expectations. Right. Because long story short, me dealing with that tenant. Right. It got it just got personal. And at that point. Right. And so I recommend look, if you are a landlord or owner property, you should be never dealing with tenants. Whatever you think you are saving, you are losing by multiple times.

Todd: Long story short, they still have another year on their lease, right? Well, I'm sorry. They actually they called me at the end of that lease. So what happened was and this goes back to doing things yourself at the end of that lease, I gave him a 30 day notice. Right. And somehow I don't know how, but I got involved in the management companies is such an amateur move. And I sent him a 30 day notice to move, but I did it through click to mail. Click to mail sends the United States Postal Service right. But it's called click to mail. They didn't move out. So long story short, they didn't move out at the end of the lease and the property management company somehow I don't even remember the scenario, but I was involved in the eviction of the property management company was right. That wasn't part of their service. And I knew that these people were very serious about trying to extort us for the money. So we go to court. And I'm there personally.

Todd: And the judge is like probably in his late 70s and I'm there and I'm dealing with it. And I'm probably I'm still confident I'm going to win. Right. But the judge says at the end he's like, this is a tough one. He's saying he never got the notice to move. And I'm saying I'm sending it. And the judge goes, well, I don't believe in coincidences. And he looks the seller about him asking me to buy the property and not moving

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out and not getting the note. The notice. Right. But the judge says he goes, I don't believe in coincidences. I thought I was going to win. He goes like this. He goes he goes, well, he goes click to mail. He goes, What does that I go, that's a service you use to send mail. He goes, Well, it's not United States Postal Service is like, that's how you have to send it. the tenant's not evicted. So long story short, holy smokes. In the least it was that if I didn't give you notice, the lease renewed for another year. So now I'm stuck with these guys for another year. They have to pay.

Joe: Click to mail uses the postal service.

Todd: Well, this is the point, right? So at the end of the day, this should have been sent by certified mail, should have been sent a delivery person. But because I got involved in that beginning, not worrying about my true skill. Right. Which is locking up deals right now, growing businesses. Now, I got involved in the weeds and there's one mistake has cost me thousands and thousands and thousands of thousands of dollars. This story gets crazier on the whole. Now, I'm stuck with these people another year because that automatic renewal clause, right, Joe? Right. And so the and if I can't emphasize this enough, look, do what you do best, right? And that is selling locking up deals and empowering other people because that's what you do. And this cost me a lot of brain damage. So I to deal with it for another year and I know for a year they are prepping to sue me. So now I get the real attorney involved, OK, I get the real attorney involved.

Joe: And are they paying rent during this year?

Todd: They're paying rent. Right, because they want that right. And so I know that they're plotting and they start sending us these noted all kinds of notices for request repairs like long, long, long list to make this look retaliatory. Right. So we keep going and sending out repair people out there while we're collecting rent. Long story short, we give them a bunch of notices to move. We serve them in person. We post it, we send it US Postal Service. I mean, they've got everything right. But we know we're preparing for a fight. So we now get in a full blown loss. We file an eviction and they come back with a counterclaim file against the property and start now claiming that the property is toxic and that their family is getting sick because of this. But it's the same thing. They say that they have a right to buy the property.

Joe: They want to buy a toxic property.

Todd: Correct. So we poisoned them. But at the same thing they said, we promised to sell them the property. Obviously makes no sense.

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Joe: But you never had in writing that you would sell them the property.

Todd: Correct. But this is something that I want to go back to. I don't care what state you're in, in any state in the union you are allowed to state your case. Doesn't matter how right you are, how wrong you are. Someone wants to drag this out and say that you promised to sell my property. Right. If they're willing to fight in court and spend that money, you're going to have to spend the money to fight. That's just the way it is, right? I don't care what the law says because everyone's like, oh, crazy California. No, you've got to hear how this went. So long story short, this is not an eviction case. They rolled it because they were saying that we promised to sell it to them. Full blown lawsuit. OK, so now I have to get the real attorney involved. And long story short, it's sixty-eight thousand dollars later. OK, obviously, the whole court case was ridiculous, but it took it took a bunch of money, a bunch of prep work, a full five-day trial, if you can believe this.

Joe: Sixty-eight thousand dollars. It cost you in legal fees and legal fees. Yeah. Five day court trial.

Todd: Yeah, but there's a bunch of prep bunch of back and forth and there's something called discovery, all because I wanted to save a bunch of money or a little bit of money on the management fees. Now obviously this could have gone bad, but I'm telling you it's because that one action that I took right, not focusing on my core ability, which is locking up deals and trying to save a few bucks may have caused this. And so long story short, the last day the judge says, look, this is all about you wanting to buy the property. This has nothing to do with X, Y, Z, right. Boom, you win. You owe him sixty-eight thousand dollars plus fees, yada, yada, yada, yada, yada.

Joe: So the judge ruled in favor of you. Yeah. And they told the losing plaintiffs, the tenants, they have to pay you for all your legal fees than anyone else and leave the house, all that other stuff.

Todd: Right. But sixty-eight grand. But this took me a lot of time. My partners were there with me and it just a lot of time and a lot of energy and a lot of stress. Right. And so this smoking deal, obviously, because now we got a judgment that's still collecting interest on their long story short, they owe us over one hundred grand. I don't know if I'll ever collect it, but I'm not really worried about that. Right. The interesting thing is we've got the property vacant. We fixed it up a little bit. Long story short, we sold that sucker for six hundred and eighty thousand dollars. We did sell it. We sold it. Six eighty minus six eighty. Minus one eighty. You do the math, right. So minus our legal fees. Hey, we made a cool three hundred thousand dollars on that, by the way. That was all mine. I got to keep every cent of that. We had another property today, so I gave them the equity and that and that property. And so long story short, it was still it

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was a good deal. It went bad. But guess what? It went good again and again. It went good again. But I tell you, it was a battle. It was a battle. And I'm telling you that it really, really cost me not focusing on my core competency. Right. And what made me money.

Joe: A lot of lessons learned here. I want to first, we are doing this live on YouTube and Facebook and Periscope. And look who just joined us here today.

Todd: I bought my course when he was living in his car. I loved it. Quick turn leasing. How you doing Mike? Lease purchase wealth system.

Joe: Did he buy lease purchased wealth?

Todd: Yeah, Mike bought everything we have. Total beast.

Joe: I believe I remember Mike from the quick turn leasing course. And good to hear from you, Mike. I hope you doing well. And that's on Periscope. Can you believe that? Vamsi here says Todd is a superstar and hugely motivational. And he also says Todd Toback is the grandfather of Wholesaling Inc. Did you know that you're the grandfather of wholesaling, by the way, is the. And hey, Kyle, how are you doing, man? So somebody you still have the old episodes of the No Limits podcast online anywhere? Can people still get the Do or Die series? Those are on there. How can people get those?

Todd: If you want to share the No Limits podcast is still up there. ITunes took it down because it got hacked, but it's back up again. We lost all the reviews, by the way. So if you want to go up there and leave all the reviews on there, but all the old con is still up there and there's some new content, actually.

Joe: So I'm going to ask my assistant here, get the links to the do or die series of Todd's podcasts. No limits real estate. Right. I'd tell you guys those kinds of number. Todd calling me once and saying, have you ever do you have any advice for, like, getting a family member started in real estate or something like that? If you knew what it was and your brother was getting started in real estate, just lost his job or something, is that right?

Todd: He had sold his company and kind of just looking for the next thing and just kind of it was there. And then they finally let him go because he wasn't into it and he waited too long and he lost everything. Right. And then made a huge comeback at what? Because I was trying to get him involved for years. Yeah, but he

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didn't have a big why. I think this is a for all of us. And so once obviously he had a big why that changed everything and that changes everything for everybody.

Joe: So Todd and Tom documented this process as they went through it. Documented is called a do or die series and got Todd was coaching and mentoring Tom to get started. And it's just really inspirational. I'd encourage you guys to go check that out. Let's talk more about that in a minute. Some of the lessons learned here. Todd, if you were to go back, what would you have done differently next time? I think you already talked about it, you would find a property manager to do.

Todd: Yeah, I would have had a property manager. Whatever you think you're saving, you're not right. And so no one have a property manager. You are not in the property management business. Right. You want people who are much better than you and stronger than you at this. Right. And so do that huge, huge, huge learning. Lesson number two, though, is that I've done many deals like that right there, big deals out there. The big deals are game changers if you're out there trying to do and three five three five seven-thousand-dollar wholesale deals out there. Look, you can post your check on Facebook and I will high five you. I want to congratulate you on doing that. But that will not that will not really move the needle for you long term. You've got to be doing big deals, those big home runs, in addition to some singles. Right, to go out there and do that. If you want to know more about that, do you mind if I drop a link here? I'll be fine. I'll type it in here. If you want to know more about my no limit selling system, this is where I teach how to get big deals. Go to no limit sale system, dot com forward slash back door, no limit sale system, dot com forward slash back door. And Joe. Anyone who buys that, that's my no selling system. I will actually give just your viewers. Right. They have to tell us that they sent an email, a copy of my lease purchase health system that you bought. I think for five ninety seven also.

Joe: No, I paid more than that. I'm trying I've been trying to remember I need to look at my receipts, but like it was either a thousand or fifteen hundred bucks.

Todd: Yeah, it was probably when it first came out. Right. So I will give that to you for free if you pass the no limit sale system. And I'm telling you, that's the one thing that I can tell you changed me when I really realized that this was about talking to sellers and negotiating big deals. Is this is this the right link here? No limits sales system slash back door. So that's the other part about it. But the third thing is, if you really are going to focus on your core competencies, you've got to start thinking like a business owner. Right. And I can tell you that delegation is going to be really, really, really important for you as you go again. When you think you're saving money or you can't afford it, you're going to have to have some courage to do that. And

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so you're in this when you when you're a one man show and you're doing everything yourself, you're in this sea of information, you don't even realize the stuff that goes on in your business.

Todd: And sometimes you're like, I can't afford this person or I'm not sure what I do. And I can tell you that it's a complete game changer. I got an assessment, too, that people can take if they want. They can also go to next level wholesaling dotcom and take an assessment of where they're at, right where they're at in their business and rate themselves in the four core areas of the business between acquisition, disposition, marketing and accounting. But the last part of that is don't be scared to work with other people and invest in them and set proper expectations, because once you do, you're going to get the focus on those big deals and really get those needle moving paychecks. Good, good.

Joe: Well, you've answered my all my questions, you know, what are you going to do differently next time? How could you have avoided this? What's the biggest lesson you took away from this? What advice would you give to a beginner? You've already kind of answered all of that. Let me just ask you, going forward, like, how can people protect themselves if they if they do these big deals, the market is starting to shift again. We'll see if we think it is. But like, what do you see coming down the pike in the next one or two years? And how can people best prepare themselves for the changes coming to the market?

Todd: And here's what I can tell you. And Joe, I don't know if this is going to be popular, but the answer is I don't know. There are certain people who we know, Joe, who always say the market's going down. Right. And so I'm to think of one person, individual in particular, and he's been saying influencer. He's been saying the markets have been is going to go down since twenty thirteen. Right. And so that's seven years straight. And I'll tell you what, as long as you stay consistent, you'll eventually be right. Yeah, right. You know, we've had a long run, but interest rates are really low. There's a lot of demand. Inventory is just not there. Right. Look, I wish there was a crash so that we could buy some more deals. But on the ground, I'm not seeing it. So that's kind of what I see today. Right. Some people thought we thought covid is going to change everything.

Todd: We had a slew of great deals during covid that we got near Spokane and we're still doing deals today. But I just don't I don't see anything. So for me, I take a look at this look, go out there and generate leads every day, generate leads every single day and start talking to people and convert some. I think that's the most important lesson. You've said all this whole podcast. And so that's simple, right. Is generating leads, close them and do the right disposition. And if you focus on that, you'll make money in any market. The one thing the market that we're in right now because inventory is so tight, you can sell stuff for for a lot more to investors. You can sell stuff for a lot more. And there's advantage to a hot market. Go out there

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to make it happen. Right. But going back to protecting yourself, this whole garbage dump thing, look, I would have done that deal again a hundred times over had had nothing to do with the garbage dump.

Todd: Had everything to do because there was a big deal and someone wanted a piece of it. Right? Someone wanted a piece of it. So, look, no one's going to fight over ten grand. No one's going to start a court case over ten grand. And so don't worry if you're out there trying to do ten great deals, I don't think you need to worry. Right, because no one's going to fight over that. But when you do bigger deals, just know that sometimes someone's going to want a piece of you. Good part about it is, hey, you'll be able to fight if you have it now, if you can avoid a fight even better. And again, I'm going to take the fall out on that one in that it just goes back to some somewhere along the line administration fell between the cracks. And now I'm going to focus on my core competency.

Joe: Very good. Focus on your core competencies. Do you mind if we have just a minute or two for a couple of questions? We're coming in here. Yeah, let's go. Corey Rogers. What's up, Corey? How do you guys do lead generation? Outbound. What's your favorite right now for Lead gen. By the way? He also followed up with this cold calling has been brutal at times lately.

Todd: Oh, come on now. Todd Toback the truthteller, right? Yeah, it's brutal. Come on now. Right. It is. It is cold calling is brutal. Text texting is brutal. Direct mail is quote unquote brutal. But guess what? We're still doing deals, right? We are still doing deals. So the market sure is saturated. Well, yeah, but so is everything else. Right. And so I don't know of any businesses where you could go and spend some time on the phone with your core competency and make twenty five K for twenty hours worth of work or ten hours. Worth of work, if you're a solo prisoner, right, if you've got a team, you make much more per hour. Here's my recommendation.

Todd: Go out there cold calling, keep making calls, keep making calls. Keep making calls. Give yourself one quarter when I mean one quarter, three months of calling people every single day set a deadline for yourself, whether it's one hour or two hours a day. Out of that time, you should be getting about two to three hours of cold calling. You should at least be getting one to two leads a day decently. And that's if you're cold calling yourself or hiring somebody else. At the end of a week, you're going to have five leads where possible prospects at the end of a month. If you work five days a week, you're going to have about twenty-two real prospects, which means that a twenty-two over a few months, you're definitely going to close two of those three of those. And if you do what I tell you to do, plug no limits, no limit sales system.com/backdoor, you're going to do bigger deals and you're going to make fifty and one hundred k right.

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Todd: And so understand that, know that it's hard for you, it's hard for everybody else and no one's going to have the consistency that you're going to have. So if you generate leads every day and if you're consistent and you don't even have to work eight hours a day, just work three to four hours a day and you'll be killing most people. So I'd recommend keep cold calling, make sure you got fresh lists, make sure you got good data, make sure you're following up with the people. Say maybe I want I want to sell and then close them. Right. Because if you're if you're not going to do a cold calling unless you have a really thick skin and a strong stomach, direct mail probably won't work for you unless you're willing to be patient. Spend a lot of money right now and you don't. Me, I love direct mail, but if you're not making it with cold calling, I'd say just give it a real good quarter. Focus your results and you make your money back many, many, many, many times over.

Joe: I'm not doing as much direct mail as you are, but what we need a little bit we are doing we're seeing an increase in response rate. It's actually encouraging. We did a direct mail for land deals, letters. We're averaging about ten percent response rate now. That's land. That's right. But we did a direct mail campaign to older listings on the MLS. We sent a letter to properties that have been on the MLS over 90 days and we sent them to the owners. And this was in southern Michigan. We sent about seven hundred and seventy letters. We got a three-point one percent response rate from those letters and they were click to mail letters. Nothing fancy. We would have gotten a higher response rate if we would have done direct mail, I mean, handwritten letters.

Joe: But we sent this letter and it said on there property management company. So I was doing this through partnership with another local investor. And we said on there listen, we'd love to buy your house, but we'd like to rent it for a year or so, first three percent response rate and which just crazy. So I am seeing some response rates going back up with direct mail, but also the small towns for us. And what I'm seeing other really direct mail is doing really, really well in small towns. Michael Buckle's hears this land is my new QTL income. I got another question here from a Facebook user. I'm not sure who this is, but what would you guys do if you had a lead but it needs to go to probate? How would you help the potential seller? The house is not in the son's name yet.

Todd: Oh, this is a good one. Can I take this, Joe. Yeah, yeah. Please go ahead. OK, so I talk a lot about this in no limit sale system is look, you got to grease the wheels, right? And so you've got to get this person in motion. So there's a reason why this person is talking to you. That's because they're a natural procrastinator, right? We are in the helping people get out of the procrastination business besides the marketing business. But, you know, if this person had, like, an initiative, they wouldn't be talking to you. Right? Right. They wouldn't be trading their equity right now for some speed and convenience. And so

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what you have to do is get a great attorney on your team who is willing to get paid on the back end of the deal. Right. Basically get paid on the success fee. Now, call an attorney and say, look, I want to bring probates to you.

Todd: I need you to work on them, and I need to get paid through the closing for when we sell the property. You're going to call four. Four are going to say no. You're going to call the fifth. And the fifth is going to say, sure, no problem. I'll do that all day long, OK. Assume an eighty percent rejection rate and you'll be great. Find an attorney say he'll do it, get the property under contract between you and the seller and say, hey, look, how do we handle the progress. They don't worry, our attorney will handle it, we'll pay for the closing and you'll be responsible for it. But we'll get paid on the back end, get on a contract, grease the wheels, send it over to the attorney and get the wheels moving while the property is in probate. Get a buyer right and you're going to have some time. Make sure you get maximum, maximum dollar for this thing. That's the benefit of a probate. Right. Get on a contract and then just make your contract subject to your deal, closing with the seller and you're good to go. But you've got to grease the wheels. Got to get the seller, move it. Do not wait until the probate is done. Deals never happen that way. Just get it moving for the seller and you're good to go.

Joe: That's really good. Really good advice. And again, if people want more information on Todd and how to get that kind of detailed instructions on stuff, go check out no limits. Sales system, dotcom back door, no limit sales system, dotcom back door. It's a good program. Definitely. I've gone through it. Todd's the one of the best in the industry for teaching this stuff. Sales, negotiating, being aggressive, going at it. It's really, really good. Go check it out, Todd. Thanks so much, man, for being on the show. Anything else you want to say just before we wrap it up?

Todd: No, Joe, just you got a great podcast. Great idea for this. It was really interesting reflecting on this. So if you have any questions, reach out. You can always find us on YouTube or the podcast or appreciate it and against it.

Joe: Definitely. And your podcast, again, if people are interested, is no limit, no them.

Todd: It's real estate, whether they're better off actually going to if they don't want to buy the No Limit sale system, they could take the assessment and NextLevelWholesaling.com, take the assessment there of where they're at and that really, really it's like a quiz. I'll give you a score at the end and I'll tell you kind of where you're at in your journey. So take that and get your score NextLevelWholesaling.com.

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Joe: I'm typing this in here and NextLevelWholesaling.com. How's that? So good at technology.

Todd: You are good at technology.

Joe: It's just typing and just typing in some letters. All right, Todd, thanks again, man. We'll see you guys later. Hey, don't forget, everybody, if you want this mind map and these links that I'm putting in here, the notes go text the word bad to thirty one, thirty one thirty one, or go to JoeMcCall.com/bad to get the notes and the links and the transcripts and the even the video links to the podcast, links to all the other podcasts that we do on the series. We've got about 12 or 13 more. This is going to be really good stuff. If you want Todd's stuff, go to nolimitsalessytem.com/backdoor

Todd: I do have one suggestion that I need you to put on future episodes. OK, on the outro, moving on, I want you to play the Michael Jackson outro, you know, on that.

Joe: No, I probably would have to pay like huge. Isn't there, like trademark copywriting?

Todd: I don't know. Look into it for me. But that would make my day.

Joe: Yeah. Michael Jackson's a good role model I want on the show. Thanks, man.

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