



# REAL ESTATE INVESTING MASTERY

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## REI In Your Car #1041 – Quick Tips To Making Fast Cash Offers

Hosted by: Joe McCall

Welcome. This is the Real Estate Investing Mastery podcast.

Hey, what's up, everybody? Joe Macall, REI in your car, real estate Investing Mastery podcast. I say this is in your car, but I'm not really driving, but I'm using a little microphone on my iPhone as I'm recording this podcast because I just wanted to talk about something interesting and very important for you all.

And this would be a short little podcast. I'm going to be talking about the importance of making offers and how to make simple cash offers to sellers. Even in this hot market right now, we're in a hot market. There's a lot of sellers that are selling their houses quickly above asking price in days. Right. It's a crazy market. We haven't seen this maybe ever. And people are really kind of wondering, oh, my gosh, what do I do? How do I make offers? And, you know, every you know, every place is different. You're going to make offers differently in California than you are in South Dakota. Right. But one of the things that I've been getting a lot from from students that are bringing me deals because I buy deals, I lend on deals, I partner with people on deals. And by the way, if you want more information about how to partner with me on deals and how to use my money to buy your deals, go to PartnerWithJoe.net. It's a 30 day program. I teach you how to find and flip deals in the fastest way possible. I teach a simple wholesaling strategy at PartnerWithJoe.net. So go check, check that out.

But anyway, I've been getting a lot of offers lately for me to look at and you know, I feel bad for telling these students that they're not good deals, but I'm also super proud of them that they're actually making offers. Like first thing I see is, well, man, OK, congratulations for submitting the offer anyway. Like most people never get past that. People get stuck and they like get paralyzed and analysis paralysis, you know, but you are making offers and that's awesome. So don't get discouraged if your offer is really off.

But I wanted to just kind of give you guys a quick tip on how you to make your offers. And this is really easy. It's intimidating to a lot of people, but it's not that hard. And I want to kind of demystify it for you on this podcast. And let me also say something else, too. I've been doing some YouTube videos about this stuff. And so if you were interested in kind of hearing more about this and actually watching me do it, like watching me make real offers to sellers or watching me evaluate deals and stuff like that, go subscribe to our YouTube channel and a lot of good videos. And I've been doing a lot more videos there on YouTube, kind of talking about, you know, watch me talk to a realtor, talk to a seller, talk to a buyer, make this offer,



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you know, doing a lot of trying to do more live demonstrations on YouTube. So I hope you can appreciate that and check that out.

So what's the number one rule in real estate? Make offers, make offers, make offers. It's not location, location, location, location. Doesn't matter. Make offers. That's the most important rule in real estate. Now, sometimes when you're in this business, you know, it's a little hard. I was just working with my son today. We're making offers on vacant land. Right? He's 16 years old. He's helping me with my land business. And the reason I like land for him is, you know, land is a lot simpler. Vacant land. There's not as much emotional attachment to vacant land. It's usually one or two hours outside of any city. So it's like rural, vacant, and we're making ridiculous low offers. And so we don't even talk to the sellers until we make an offer on their property. So anyway, it's been really good and it's just working with him and he's doing some sly dial voice mails to people after we send them an offer just to remind them to look for it, etc.. And one of the things that we get are these really angry voicemails from people know, completely upset that we would make such a ridiculous lowball offer. And I could tell he's kind of nervous. I don't like those voicemails and he doesn't either, but just the way it is.

And he said, well, he asked me, like, what percentage of offers get rejected? Most of them or some of them. I said, well, most of them. He said, like what? Ninety. I said, ninety five percent at least. And so that's just normal. And I want to tell you this, too, when you make an offer, if you're if you haven't made somebody mad by twelve o'clock, if you're doing a lot of marketing and making a lot of offers, if you haven't made somebody mad and yell at you by twelve o'clock, you're not marketing hard enough or you're smart, you're not marketing enough or your offers are too high when you're making an offer to a seller. And I'm telling you guys, houses, land for cars, whatever. If you're not if you don't have this, like, sick stomach feeling in your stomach, like, oh my gosh, this is going to be offensive. This is going to be they're going to be so mad at me, then you're offering too much, OK? You're offering too much.

We're not we're not in the charity business here at this. We're not a nonprofit organization. We are a for profit company. We are in this business to make money, to feed our family, put food on the table. Right. To bring home the bacon. That's why we are in this real estate. Best in business, and so we're not out there to try to get as many offers accepted as possible, right. Like if you're getting more than five or 10 percent of your offers accepted, I would venture to say you're probably offering too much.

Now, I had recently some students bring me some deals, one person in particular, God bless her. I mean, I was so happy for her and proud of her that she was actually attempting this and trying to make offers. But she was making offers at 90 percent of RV of the after repair value. And so even as the RV was more like she would go to Zillow and Redfin and Realtor.com and propstreamJoe.com and and looked to see what



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the estimated value of the property was. And they would average that even if that number was higher than the current price they were listing it, she would use that number as the RV, the higher number, and she would multiply that by 90 percent. And sometimes her offers were exactly or just a little bit above or a little bit below the asking price the seller was asking. So she thought she was getting a good deal.

So she submitted two deals to me to look at. And I was like, wait a second. One particular property, it was listed for one thirty six, is that right? It was on for sale by owner for one hundred thirty six thousand dollars in Florida, small town in Florida. And I said, all right. And she got another contract for one twenty five. So it was listed for one thirty six. She got an under contract for one twenty five. Let me ask, is that a deal. No, because now. All right, you're going to have to resell that deal. Let's say you got a contract for one twenty five. You mark it up. You should be trying to get ten thousand dollars wholesale for all your deals. So if you mark that up to one thirty five, is that going to be a deal? What do you think the wholesaler is going to think when they're looking at that? I mean, your end buyer, your cash buyer, your rehabber, your landlord that buys that deal from you? What are they going to think they're going to say? Oh, well, they can see that it was listed or maybe it still is for one thirty six and you're trying to sell it for one thirty five. That doesn't scream a good deal to them. OK, not at all.

I mean I seen some students do this to where they looks like a really good deal. You know, the seller has it advertised for one fifteen hundred and fifteen thousand. So they offer them one fifteen because it's such a good deal. And they expect then that they can go ahead and turn around and mark it up five or ten grand and sell it quickly because it's such a good deal. Well, the problem was it's been on Zillow or Redfin or the MLS for sixty days at that price. So it's not a good deal. If it was a good deal, it would have sold really quickly. So this particular house, we looked at it and the RV is not one thirty six, it's not one forty. It's you know, it's maybe on this particular house, you know, the RV is about one twenty five one thirty. But the seller facility owner was still asking above that.

So what do you do. Well, there are two methods for making your cash offers. And I want to just explain this real quickly here. And I dove in a lot more detail on this in partner with Joe in the 30 day partner with Joe class, by the way, it's only seven bucks. Go get it. PartnerWithJoe.net. Anyway, two methods.

Number one, you take the RV or the repair value of the house and you multiply that by 70 or 80 percent. OK, if you're in a really hot market like maybe Denver, Nashville, Southern California do 80 percent, most of the country you're at 70 percent. Yes, even 70 percent. Yes. Even in this hot, competitive market we're in right now. OK, trust me on this. You may think, man, I'm going to lose so many deals. Well, yeah. And you're also going to stay out of a lot of bad deals. Do not compromise your minimum criteria on deals, OK?



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Everybody should have written down, like if you're doing a buy and hold, fix and flip landlord rehab, whatever, you should have written down your minimum criteria on deals and you should never veer or veer from that. OK, so 80 percent of you're in a hot market, maybe eighty five percent, but like that's pushing it. Like you have to have a really solid buyers to be. Eighty five percent. Most of them are here 70 percent. All right. Aravena How do you determine the age of real simple? I just take the average of Zillow propstreamJoe.com, Redfin, and realtor.appraisal. If it's ever working, there's different websites that give you value values. OK, take the average of those and that's a good R.V. to start with. Just going to get you in the ballpark time, 70 percent. All right. Minus repairs, minus your wholesale fill. Repeat that one more time. Write this down if you're if you're unless you're driving. But RV time, 70 percent minus repairs minus your RV.

That's the age old that formula has been around since the 60s or 70s. It's called your MAO formula, maximum allowable offer. Some people have heard complain about that. All that doesn't work. That's so old fashioned, you know, OK, it does work. It's a good it's a good formula to use because it figures in some profit, some equities, some for some room for error for contingencies. Right. And it gives you room to be able to sell that contract to another rehab or somebody else that's going to to buy the house. So I'm going to give you a simpler method here in just a minute. But that is a very simple, powerful and effective formula.

Let me say one other thing to if you're dealing with low end, cheap rental properties, like let's say you're in the Midwest, in Indianapolis or St. Louis or Kansas City, that formula does not work for homes that are typically under one hundred thousand dollars that are just rental properties, OK? The reason why is there really it's too hard to find the RV, quote unquote, of a house that is fifty thousand dollars and only landlords would buy that MAO formula of RV time, 70 percent minus repairs, minus fee typically works best in the median price range. So in the Midwest that would be like one hundred to two hundred fifty thousand dollars or maybe one hundred to three hundred thousand dollars. OK, that's where that's going to work the best. It also will work. You know, if the if the median home price range in San Diego is seven hundred nine hundred thousand dollars, this still works there kind of for the most part. But you would just adjust the percent instead of 70 percent, you'd use 80 percent or something like that. OK. Makes sense.

All right. Now, this second method for calculating cash offer, which works for these cheaper rental properties and works for any type of home, and this works especially well if the property needs updating, if it needs a lot of updating. This is a good way to do this, right? It's real simple. Real simple. Write this down. Take the average of the three to four, maybe five. Take the average of the lowest three to five sold comps times 80 percent. Write real simple and I like to use propstreamJoe.com. Go check it out. 14 day trial. I



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used prop stream every single day. It's worth every single penny that I paid for it for years. So you can pull up a property, click on the comps button, you can see the comps, make sure you're looking into the mile radius. You're looking with a plus or minus 15, 20 percent of the square foot sold in the last year. It's really easy to do that right inside their prop stream. You got a table there of your comps and you sort that table by price. So you see the cheapest ones at the top. Look at the lowest four or five, OK, average them out. Just going to calculate average, then multiply that by 80 percent.

Now, if you're in a really hot market, again, like Denver, Nashville, San Diego, maybe then multiply that average by 90 percent. OK, now, again, you're looking at that thinking, oh my gosh, the seller is asking three hundred thousand in these calculations. I come up with one hundred and seventy five thousand. I they'll never accept that. Yeah, you might be right. I don't know. But still doesn't mean that you should offer what they want you to offer. You need to offer what makes sense to you. You need to offer a number that you know, you can take that property, turn it around and sell it quickly to another investor. Now, whatever number you come up with, whatever formula you use, and it could just be as simple as you ballpark it. You look OK.

Well, this property's in this neighborhood sells for this. I know. If I were to advertise this property, you look at the actives, you can say, all right, well, I can probably sell this really quickly and easily for one hundred and sixty. I'm going to go in and offer one hundred and fifty. It could be just as easy as that. But whatever number you come up with, always look at that deal. From the perspective of your end buyer. What number would a landlord be interested in that house? What number would a rehab or another investor or whoever? What number do you think that house would sell for? So if you're going to offer one hundred thousand dollars on a house, let's say you then you turn around, you start marketing that contract for ten thousand dollars assignment fee, or you mark the property up to one hundred and ten thousand dollars. OK, you need to go look for what else is for sale in that area. And if you see a bunch of properties that are listed for sale for cheaper than yours, well, that's probably not going to work. Right. So you always got to look at your active comps and your sold comps. Does that make sense? So I hope that helps.

I just wanted to kind of give you a simple ground work framework, lay the ground. What's the phrase I'm looking for? You know what I mean? Simple framework for. Making cash offers on properties, it's number one, congratulations for making the offers in the first place. And you know, what's the number one rule in real estate? Make offers to make offers, make offers. And your speed income is directly proportional to the number of offers that you make. And it's OK. It's normal. If ninety five percent of your offers get rejected, I would rather you see you get one hundred percent of your offers rejected. OK, and maybe once a month you get one or two accepted and you get some really good smokin hot deals. Then a bunch of mediocre



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bad deals. You do not want bad deals. OK, that sucks. That's worse than having no deals. Trust me, having bad deals is way worse than having no deals. So you don't want bad deals? I'd rather see you not make any money than lose money. OK, you understand what I'm saying?

So don't beat yourself up if you get so many sellers mad at you for your ridiculous lowball offers. OK, they're going to come if you keep adding if you're consistent with making offers and following up with sellers, you will start getting some offers accepted. Just don't quit. Don't quit. Don't give up. All right. Go out there. Start making some offers.

No one. Just congratulations for making offers. Number two, if you're not feeling like that sick pit in your stomach, then you're probably offering too much. So always offer a number that you can look at from a buyer's perspective maybe and see, OK, this would be a good deal to sell. This would be a good number to sell. I know I'm going to get some people interested in this then just offer ten grand less than that, OK? The other important thing here, I think number three to understand is never compromise on your minimum criteria. So if you've decided, right, I'm going to do 70 percent of RV or I'm going to do 80 percent, like, don't ever go above that. You got to stick to your rules. The other thing, in summary, I think to end up with is, oh, yeah, I remember what it was. OK, here it is really.

You've got to have buyers. You got to know what your buyers would be willing to pay for these properties. I get a lot of deals submitted to me and I don't know if they're a good deal or not. I have no idea what the RV of a four family is in a neighborhood that is super old. There's a bunch of rundown, beat it up, beat up, boarded up houses, vacant lots in the middle of the worst part of the city. Like, I have no idea. I do know that the investor who owns that property bought it two years ago for one hundred and thirty. Now they're trying to sell it for one hundred and eighty. But you go to Google Street View and I know that area there is it's a bad area. There's nothing maybe it's on the future path of progress. Maybe eventually it'll get gentrified or whatever. But like, man, I'm not even going to try to figure out what the R.V. of that place is or what the repairs are.

You know what I'm going to do? I'm going to get on the phone and I'm going to call every realtor and every investor that already does business there, that has already bought properties there, that has already rehabbed them or fixed them and flipped them or whatever. And I'm going to call them and say, hey, I think I got a deal. I just need to know what you would be willing to pay for it. Or Mr. Realtor, I've got a deal. I can see you. Have you helped a client recently buy or sell this house over there? Do you think you might have any clients that might be interested in this thing? I'll pay you commission. You can represent me if you bring me a buyer for my deal. OK, simple as that. So it's so much easier to shop for buyers want than to sell them what you have.



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If you're if you try to just guess and that's, you know, that's where you're starting from, fine. But it's going to be harder to just sell a deal, get the deal under contract and then sell it later to buyers. It's always a harder way to do it. So you need to find your buyers first. And if you've got a potential deal, you need to get on the phone immediately and start calling all the landlords and other investors that, you know, in that area and are wholesalers that, you know, in that area and say, hey, I think I got a deal here. Do you want to partner with me on it? I'll pay you something. If you bring me some buyers, what would you pay for? What would your buyers pay for this property that's going to make everything so much easier? So it makes sense. All right.

I hope that helps. If you want more information, by the way, on how to work with me, I suggest that you go to PartnerWithJoe.net and check out that page. You're going to get a free software I created to help you come up with these cash offers. Super simple. And I'm going to give you a 30 day course, real simple lessons every day for thirty days that show you the fastest and easiest way to make money in real estate and how I can partner with you on deals potentially, and how I can lend money on your deals as well. So go check it out. It's just seven bucks PartnerWithJoe.net and I'll see you there.

Take care, everybody. Bye bye.