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## 1102 - What On Earth Are "Novations" And Why Is Everyone Talking About Them?

Hosted by: *Joe McCall*

Guest: *Corey Geary*

**Joe:** Welcome. This is the Real Estate Investing Mastery podcast. What's going on, guys, Joe McCall here with another epic, Awesome Real Estate Investing Mastery podcast. What's up, guys? So this is crazy third podcast I've done today, and I really love doing this. I love talking to people that are doing a lot of deals making things happen, and this is a topic that we've never talked about before. But I'm seeing a lot more people talk about it. You're seeing a lot of chatter on YouTube and Facebook groups, people talking about Novations, what are Novations? And I didn't know what they were until just a few months ago. And I've never done one, but I've kind of, but maybe a little differently. But we have a guest, Corey Geary on. We're going to be talking about how he does Novations. He is the leading expert on Novations, and I don't think he's invented the strategy, but he's perfected it and he has what he calls the Novation Nation. And there's a lot of people that are coming to him. He's been doing this a long time. He's done lots and lots of this deal. We're going to talk about what Novations are and then how do you make more money doing these kinds of deals and is basically a strategy where you can take old leads that you probably would just throw away and turn them into Novations and sell them and make just as much money, if not more than you would have with a regular wholesale deal. OK.

**Joe:** So we're going to be talking about Novations with Corey here. I want to tell you guys something here real quick. I'm looking for more reviews, more reviews if you would go with your cell phone. I got some books I want to give you for free if you leave me a review. All right. If you go to Review Joe Dot net from your cell phone, Review Joe Dot Net and let me know what you think of these podcasts. Maybe. I mean, I'm looking for honest reviews. If you don't like them, let me know. But at the Thank You page, you're going to be taken to a page after you leave the review that will give you some free books and a free class that I did on wholesaling lease options. So if you could really appreciate it just looking to get more reviews, let me know what you think of the podcast of my YouTube channel of the books, the everything that I've done. I'd love to get your feedback on it. If you go to Review Joe Dot Net. You can leave me a video review, so I'm looking for video reviews. It's going to ask you to put in your name and email. It's going to confirm that you are who you are. And I'm not just sending these free gifts to only good people who leave good reviews. I mean, but it goes to anybody's even if you leave me a bad review, you'll still get my books, but I'd



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appreciate you go to Review Joe Dot net and check that out. I give a, I think in the on the thank you page. After you do the review, it'll give you a couple of books in a video series I did on wholesaling lease options, so I'd really appreciate it. Again, you need to do it from your phone because it's going to ask you for permission to see your camera. So I prefer to get video reviews, but you can also just leave a text review if you want. Review Joe Dot Net Review Joe Dot net is a sponsor for today's podcast, so now it sounds real official. OK, let's bring Corey on Corey, how are you?

**Corey:** Hey, what's going on, Joe? How are you doing, my friend?

**Joe:** Not much, Corey from the Novation Nation,

**Corey:** Novation Nation, baby.

**Joe:** And we're talking about what Novations are because I would bet you most people don't know what Novations are, but they've been hearing people talk about it's becoming more of a popular strategy, and it's a great way to make a lot more extra money on your deals that you would normally pass on or throw a throw away. And we're going to talk about the seven steps to seven figures using Novations. There's a lot of investors out there like you who have made a ton of money doing Novations, and it's it's one of your main focuses, if not your main focus. Is that right?

**Corey:** That is correct. We're a Novation company first, wholesale second.

**Joe:** Oh, so cool. I'm looking forward to talking about this. OK, so Corey, talk about how you got started in the business real quick.

**Corey:** So I got started the business back in 2016. I was a blackjack dealer at the casino and yeah, I'd had to save some money up. If anyone knows the industry of Casino, we make a lot of tips. And so I was able to save up some tip money over six figures, and I used to watch that show flip or flop, and it would take almost an hour sitting there with my girlfriend at the time. And she knew you, some money said. She literally says, Why don't you flip a house so I can list it? Like, I don't know. Why don't I flip a house? And it seems easy enough 30 minutes to make \$80000. So really, I'm on my morning run the next morning, the next day, and I see one of the bandit signs it says fix and flip by price 250 ARV three fifty something to that nature. I stopped on my run. I called that phone number. I bought that house, took me six months and I made \$8000. That was my very first real estate deal.

**Joe:** You only made eight grand



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**Corey:** Only eight grand.

**Joe:** But that's nothing to sneeze at.

**Corey:** But like, it was a win. Yes, it was a win. Unfortunately, later my journey, you know, it wasn't so great. My second deal I bought from a wholesaler was going to RIAs Flip. That's maybe three months made 20 grand on my third deal. I ended up partnering with somebody with the casino and we bought four houses all at once, and we ended up I ended up not using my previous contractor because it sucked. But unfortunately, the new contractor we got was even worse and he took us to the cleaners and between me and my partner, we lost a quarter million dollars.

**Joe:** Holy smokes, what year was this?

**Corey:** This is back at twenty seventeen, the beginning of 2017.

**Joe:** You lost two hundred and fifty grand.

**Corey:** Two hundred and fifty grand. So I lost all my 401k money that pulled out of the casino. I lost my savings, I lost my previous flip money and it kind of set me back to zero and I was like, Oh man, what am I going to do? I don't want to give up. So I literally went on Google and I typed in how to wholesalers get deals like I got to figure out how to wholesalers, get their deals. And guess who popped up? Shawn Terry. So I went down that rabbit hole and bought a course flip the freedom, and I started putting out bandit signs. So to do a little bit of direct mail and you know, it took me about eight to 10 months. I got my first deal and that was when I started wholesaling.

**Joe:** Wow. And so it took you eight to 10 months. Is that what you said?

**Corey:** To get my first wholesale deal.

**Joe:** Wow. Why did it take so long?

**Corey:** I don't know, man. Maybe because I'm in Phoenix.

**Joe:** Well, that's one reason



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- Corey:** I'm in the guru capital of the world. But. And plus, you know, we weren't we were not good at talking to sellers. We're not good at negotiating. We weren't good. Like, you know, other processes that we, you know, that we were trying to do and we were newbies. But yeah, it took me a few months to get that first deal. But once I got the first deal and I sold that deal to the wholesaler who I bought my previous deals from, from our flips sold it to him for ten thousand dollars. And I think my second deal came like a month later and then it started kind of just snowballing from there.
- Joe:** So even in the competitive market, it took a while. But once you started building the momentum,
- Corey:** yeah, yeah. When I before I went nationwide and went nationwide in the beginning of 2020, I was probably doing about 10 deals a month here locally.
- Joe:** OK, wow. And what was your main marketing channel?
- Corey:** Main marketing channel was cold calling. When I really started out in the wholesaling, I created a call floor in my living room of my house. So I took a bunch of cubicles.
- Joe:** Were you married?
- Corey:** No.
- Joe:** Okay. All right. That explains it.
- Corey:** No single single. And yeah, I work in the casino. And so it's our college kids do come in and call for me. And so basically, I just one of the cheapest marketing channels could possibly get not to go out like lock the deals up belly to belly to what the sellers and I did that for a good year and a half. And yeah, the HOA ended up getting really mad at me, and they thought I was having like parties every single day because I had a bunch of cars parked in front of my house, so we eventually had to get an office. And when I got the office, though, I ended up ditching the cold calling in and that's why I went heavy. PPC marketing.
- Joe:** Okay, so now you're doing, you're breaking up a little bit. So I'll help if you're breaking up, but you're doing mainly PPC now nationwide.
- Corey:** That's correct.



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- Joe:** So PPC, are you talking about Google ads being Facebook ads? Are all the above or what Google ads?
- Corey:** Mainly we did. We've done a little bit of being in the past, but we mainly just do Google ads.
- Joe:** I was talking to an investor just yesterday in Phoenix, who's getting most of his deals from from Bing just because he's spending as much as he can. But it's so hard with Google PPC inside of the Phoenix metro area to get really any leads because you're competing against the big hedge funds.
- Corey:** That's correct.
- Joe:** OK, cool. So what made you decide to go nationwide?
- Corey:** From just being in a multiple masterminds in here and other people have been doing it? You know, Nick Perry was one of them. Sean Terry was another. And Sean Terry is now a good friend of mine. And just hear people scaling their business via nationwide. And so early 2020, I made the leap. I went nationwide. I made a huge mistake. I recommend nobody doing this. I just I turned off all my local marketing efforts and I turned on nationwide marketing efforts and I ran in the red for three months before we started monetizing deals. And so, yeah, it's a really sucks. I run a coaching, a mentorship group and I recommend everybody in that group. When you're going this nationwide model, just, you know, all of your business, don't turn, don't shut down what's already working. If you've got something working, it's paying bills and seeing you don't turn that off to go nationwide. Dabble with nationwide first and slowly get into it. And so that was a big mistake that I made in 2020.
- Joe:** Then you Google PPC, were you just targeting the targeting the entire nation or were you? Or hese certain cities, these certain markets?
- Corey:** The entire nation, now we have a little bit of different strategy. We're targeting all the major counties that hedge funds buy in. But when we first went nationwide with PPC, it was just the whole United States I blocked know I took out a few states like I took out, like West Virginia took out the Dakotas, so there was a few select states I took out. Other than that, we're just completely nationwide.
- Joe:** You kept California and New York state.



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- Corey:** I love California. I've not done a deal in California under 50 thousand.
- Joe:** Profit
- Corey:** Profit.
- Joe:** Yeah. All right. So what are Novations? Talk about Novations.
- Corey:** The legal terminology of Novations means replacement of contracts. So where in wholesaling you're staying in the middle? It's an assignment you're an assignment, a contract from a b to b c, which is either your investor. Novations, you're taking the AB contract and you're trumping it with a BC novating the contract to your end buyer, which we novate to retail buyers. Buyers who are getting financing by conventional FHA and VA financing, so we list our novations on the MLS to retail buyers.
- Joe:** So you're who, who is the buyer then? I'm sorry in the contract with the end buyer, who is the seller? Who's who's signing the contract?
- Corey:** The seller is still the, well we act, the seller, for starters. So and in the upfront paperwork, we're getting an attorney in fact signed, not a power of attorney. Some people teach the power of attorney route. I don't like it and we can go deep on that. But it's not what we like. We do. The attorney in fact, and allows us to act as seller on the MLS so we can sign all the listing docs. As a seller, we could sign all the offers coming in as the seller. And so we're the ones selling the property, acting as seller because we have the attorney in fact, via the MLS.
- Joe:** So it's not a power of attorney, it's an attorney in fact, we're different. We don't need to go down the rabbit trail, but it's different.
- Corey:** Yeah, but it's not nearly as threatening or have as many teeth. There are some people in the industry that teaches Novations besides me, and they teach the power of attorney way. And it's just not the way we like doing it. And homeowners hate it when they see a power of attorney and they're signing with a notary. They get real scared of it. They think, Oh, what are you trying to do to take over my property? And are you scamming us? You know, it's a very threatening document. A power of attorney where our attorney in fact is not threatening at all. It's a one page document willing to call the attorney in fact on the document, and you can get a sign via DocuSign or ESign. You don't have to have a notary sign it.



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- Joe:** You have to have an attorney to to send this or do this for you. Or is your contract good nationwide?
- Corey:** Our contracts are good nationwide, so I had attorneys draft up my paperwork. I spent thousands of dollars to get this paperwork perfected. Obviously, I always recommend that everybody consult your attorney because I'm not an attorney. I've done my due diligence with my attorney. But you always do your own due diligence, too. But yeah, they work nationwide. We've done deals. I mean, all the way from Washington down to Florida.
- Joe:** OK, so how did you find this strategy and why did you need it?
- Corey:** So I was in a mastermind wholesaling mastermind out in Florida, and it was a guy who did a presentation on it. In his in his business, he was doing it locally. Most people do the this model locally, and he was talking about how you made two point two million dollars in 2019 and half of it was Novations. And I'm like, What the heck is a Novation? And he did the whole presentation and I was like, Ha, that's interesting. And because at the time we were submitting in 2020 or yeah, because at the time we had just pivoted to nationwide wholesaling. And one of our biggest problems is finding investor buyers in these rural markets when we're nationwide. We were we were maybe closing one out of five deals, so it was very problematic. We went nationwide. I'm thinking, man, maybe I can use this Novation model to list these properties on the MLS to retail buyers. Because what's the biggest buyer pull out there is the MLS is retail buyers, there's more retail buyers and there are investors. So that's where I really thought maybe this could fix that pain point in my company. And so I took it upon myself to search out as many people who was teaching it as possible. There's a few people teaching them that a lot, and it's very expensive. Some of these guys, what they're charging of all the what, the 20 grand some of them for a course. And so I went and I just kind of picked out what I liked about their model, comp related, my own model and went nationwide with it. Obviously, I had a lot of speed bumps, a lot of things that we had to kind of figure out on our own and tweak. But over the last couple of years, I feel like we're kind of really cracked the code on going nationwide with novations.
- Joe:** All right. So let me just be clear and kind of what it is, then you find a seller who's got a house to sell and you want to wholesale it. So you give them a contract to buy it. And then, like an addendum, an attorney, what do you call it again?
- Corey:** Attorney in fact. So on the front end, yeah, you get your normal purchase agreement like normal. We do have a negotiation clause in there and our paperwork. You get an Novation and indemnification agreement. This agreement indemnifies the seller from anything happening that dignifies you and in a structured legally. Exactly what you're doing. And



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then that way, the title company knows what you're doing, too. So you get the Novation indemnification agreement and then you get the attorney in fact signed and so those are the three instruments you're getting signed on the front end.

**Joe:** All right. Now you have equitable interest in this deal. And you also have an attorney in fact.

**Corey:** Correct, as the seller.

**Joe:** So you can kind of act as the attorney for the deal which gives you like you can sign things and enter into an agreement. The seller is giving you permission to sign things kind of for them. Is that the way you'd phrase it?

**Corey:** Yeah. Yeah, for them. Exactly. And the we're fully transparent with the seller about the process and what we're doing. So that way, we're kind of like almost partnering with the seller and we have a few scripts that we go off of.

**Joe:** It's really important because I like that analogy. You're almost partnering with the seller because you're open with them and you're telling them what you're doing, right?

**Corey:** Correct. Unlike wholesaling, where you're keeping the seller in the dark, that you're selling the contract, you're keeping the buyer in the dark, how much you're making. There's always gray area. You have to walk a fine line. And that's why deals fall apart. So much sellers get bent out of shape because they find out that you're signing the contract and it's like it was such a problem. And with Novations, you don't have that because you're fully transparent from the start all the way to the finish.

**Joe:** All right, so give it some. Well, all right. I want to ask about an example numbers of an example, the typical deal. So now you have it under contract, you have an addendum, signed attorney in fact, with the seller, you start now you go to a realtor, a listing agent, a local listing agent in that in that market, are you doing anything to the house to fix it up? Clean it up?

**Corey:** Occasionally. So what you do, there's two ways of doing Novations. The way that most people teach it is like information flipping. You go in there and you remodel the property and then go list it we don't do that. We do it. Novation Whole-telling. So think of it as whole-telling without taking possession. So the only thing we do got to fix sometimes is we do it during the inspection. Depending on the financing, you know, you might have to make repairs to pass the financing contingencies. So but a little key key nugget here is if you



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listed for only conventional financing cash or conventional. If it's a conventional buyer, you can do a buyer credit. You don't even have to repair the property. But if you do FHA VA, then you do have to do the repairs to the property, whatever the inspector is telling you to do. But we do the bare minimum the inspector's telling us to do to pass a financing contingency that we're not going in there and making this a HGTV type house. Right? Yeah, we're not doing the negotiation flip models. Novation whole-telling.

**Joe:** All right so you're doing this in Tulsa, Oklahoma, and you know you're where do you live, by the way?

**Corey:** Phoenix, Arizona.

**Joe:** That's right. OK, so that that realtor in Tulsa is like, Who are you? Right? We need to. We need to sign this listing agreement paperwork stuff with the seller, with the owner. How does that discussion go with them?

**Corey:** So you have to be very transparent, the realtor, exactly what you're doing. You'll let them know that you have an attorney in fact and that you're partnering with the seller to sell the property. But we're opening the conversation just like we opened our conversations. When we're doing wholesaling, we call them up and we're like, Hey, we saw you sold a property of our one two three Main Street. We're just one of these pocket buyers. We've got a property under contract over a one two four main street. Do you have any buyers going to be like, Oh yeah, as soon as the property is so well, would you also be interested in listing the property for us? We have an attorney in fact, with the seller, we're partnering with the seller. They don't mind us listing the property on the MLS. We're acting as if we're the seller, and this is a novation. Some some realtors know what novations are. You'll be surprised it's taught in the in retail in and they go yes or no. And what we do is sometimes you might have to call three or four realtors to take the listing because some of them won't know and they don't understand, and they don't want to touch it, right? Because it's like, Oh, that's a little too weird for me, but you will find one. They'll take the listing nice. You just for full transparency is the key. Like, I can't express that enough, like transparency of the seller, transparency with the realtors, transparency with the buyer, the title company, everybody. And it makes the job a lot easier.

**Joe:** So you might need to make a couple phone call that you will find a realtor that would do it for you, which I love using realtors, by the way guys.

**Corey:** I do too. They're hungry.



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- Joe:** Realtors will do all this work for you, and you pay them only if they sell the house, right?
- Corey:** They become like a team member of your company, an employee. It's great.
- Joe:** Because like you can get a whole dispositions department, you're going to pay somebody right and you're going to you need to outsource it. So why not outsource it to an agent? This also, I'm imagining, solves this whole brokering dealing without a license. You got it as well, right? You nailed it. Because I mean, the states are cracking down on what they call illegal wholesaling, and we don't need to argue that. But like there, they've got their you know what, in a wad because they use wholesalers are making too much money. And so they're they're just upset that we're not using agents or you're not licensed. They want you to be licensed or they want you to use an agent to use a realtor. I know you're frustrated with when I talk about it, but I know this solves all of that, doesn't it? Because you're using realtors to sell them and you're putting the property. On the MLS, and you're completely open and honest and transparent with the seller, everybody knows it's going on.
- Corey:** Everyone knows what's going on. Exactly.
- Joe:** OK, so you'll find a realtor, they listed, you sign the listing agreements, you negotiate the commissions that that agent gets, the listing agent and the buyer's agent. OK, so talk a little bit about on the on the buyer side. I'm sorry on the A-to-B side where you're you're buying it with the seller, right? OK, how does that? How does that conversation work, where you're kind of partnering with them so they know how much profit you're trying to make and then they're going to get whatever is above that? How do you how does that they do?
- Corey:** They do know and we let them know that the buyer that the number they're getting to them is net to them and that we're going to be stacking in the relative fees, the title fees, any projected inspection, repairs and marketing fees. And of course, our fee and the scripting with the seller, depending on first we do call the seller. You want to lead with your typical cash offer script in your typical John Martinez negotiations, trying to go in there and figure out why they want to sell the property. What's their picture perfect? All that stuff, right? If you find out that their need price is too much and I say need price, not ask price because I asked price means you could probably still negotiate deeper if the price is too much, you're just going to say, Hey, Mr. Seller, unfortunately, we are not your buyer because as investors, our goal is to try to make a marginal profit. However, we have an alternative program that would be a good fit for you. We call our concierge service sellers like What's that? Well, that said, and as investors, we celebrate them. Buyers are willing to pay top dollar because and we have to sell our fix and flips to an MBA. We accomplish it through a network of buyers realtors in the MLS. Unlike other investors who may lowball



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you and ask you to take your money in increments at 10, 20 or 30 years, you'll receive your money in two to three months. If we're capable of bringing a new buyer with a guarantee of your three k asking price net to you. Would that sound like something you'd be interested in? So that's the pitch on the front end. If we found out that need price is too much. Now we have a back end pitch where if we can get a negotiated offer down to a wholesale pricing, what we'll do is we'll send the paperwork and we'll send the dough based on paperwork. Obviously, everybody negotiated the wholesale price and when we sent that paperwork, I say, Hey Mister Seller, we have great news. We have this new program called our concierge service. Now, not many properties qualify for the service, but are pushed really hard to get your property qualified and the sellers be like, Oh, what's the concierge service? Well, as investors, we excel. I'll bring them buyers who want to pay more because then we have to sell our fix and flips to the end buyer. We accomplish this through a network of buyer's rules with MLS, so we would be able to give you an additional three thousand dollars more for your property by doing the concierge service. Would that sound like you see something you'd be interested in? So we're flipping the script on the backend to get an ovation deal at wholesale pricing. This is where we get our biggest spreads and our deepest deals.

**Joe:** So you're negotiating a price that the seller is going to want to get. Like, you know, let's say the house is worth 350. Their bottom line number is three hundred, but it needs like 20 grand or 30 grand in work. There's not a lot of room in there for you. So your cash offer might be 250 and their bottom line number is 300. So that's when you would talk about the concierge service, correct?

**Corey:** And we're still trying to negotiate the best we can pay off that 300, if we can get it to 90, maybe to 80, you know, and then pitch the concierge service. We're going to do our best to still negotiate what we can. And this is not a crutch for poor negotiation skills. And I really express that because some people, even in my company, when I talked to my acquisition team, they were using as a crutch for poor negotiations. It's not that, you know, this is just an extra tool in the tool belt, but yeah, then you're going to go in and you're going to pitch the front end novation conversation to them and try to convert them to let you come to know about the deal. Never call it novation with the seller. It's always concierge service. Or Yeah, yeah, because they don't understand.

**Joe:** Yeah. So you're you're. Do you ever tell them like or is this the conversation? Just to clarify in my mind? I'll get you three hundred. But anything above that I keep, that's kind of how it is.

**Corey:** That's kind of how it is correct. And we let them know.



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- Joe:** You don't tell them I'm going to make, you know, my minimum fee on.
- Corey:** We don't feel like I don't get my exact number. We just let them know, Hey, you know, we're going to go ahead and market the property. You know, over what we're buying it from you for because we don't have to pay the realtor fees or going to pay the title fees. We're going to pay, pay all our marketing fees, our inspection repairs and our fee. But don't worry about that because the buyer's paying all those fees, he'll be the one bringing that money to the table. What our price net to you is going to stay in that to you. OK.
- Joe:** That's I mean, that would seem fair to them. Do you ever like because I knew a guy once out of what doesn't matter where he's from? But he would. He would always negotiate like every single deal he would negotiate with the seller to partner on the deal with the seller, and he would say, Listen, I'm going to make a lot of money on this deal, you. And he sees the seller kind of say, oh, you know, then he says, but what if, what if we partnered on this deal? How would that be like? How would that feel like to you? And then it's negotiation. That's where he negotiates, not the price he negotiates. The partnership split. And he said, You know what, if I gave you like because I'm going to put a lot of work into this, I'm going to do this and this and this. What if I gave you twenty five percent of my profits? You kind of sometimes start to they're like, whatever I make, the more I make, the more you'll make. Or it could even be if it's a big enough deal or if he feels like he's losing, you know he's out. What if we just split the profits 50-50? And so he gets from the bottom line number of whatever the seller wants and then says, All right, anything above that, let's just split it 50-50. Would that be fair? I mean, who would say no to that?
- Corey:** I love that. It's a great model.
- Joe:** So could you could you could use Novations then using that strategy?
- Corey:** Absolutely 100 percent. And we've never done that on the front end like that. But we've done it. Like, for example, we've listed the property seller see that we're listing for one hundred grand more than what we lock the property up for. And then they call me like, Hey, I know you understand that there's realtor fees and buyer costs and all but really a hundred grand. And then we might get into that. We've done it before where we've gotten the negotiations there that we're going to be splitting some of the proceeds with them. Because I wonder, yeah, know.
- Joe:** I wonder if if the seller knew that you were splitting the profits with them 50-50, maybe that bottom line number can go down even more. So I can tell you could if their bottom



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line number was three hundred and you'd said to them, Listen, what if we negotiate? I mean, what if we partnered on this deal and we'll just split the profits, which is the I'm going to do all the work of cleaning it up, getting ready to sell taking the trash out or just getting it retail ready or whatever that could be right? And after my expenses, we'll just split the profits 50-50. And then that might even get the seller to bring their bottom line number down even more. It's a great strategy. You know, the more money I make, the more money you make. But that's not fair sellers. It's hard to say no to a question like that. Would that be fair to you? Yeah. Interesting. Wow. I like this.

**Corey:** Yeah, I you try implementing some of that. More on the front end and create a script for that and just see how it flows. We have done deals where, like the seller, you know where we've gone in. Like, so it was like, Well, you know, the only reason why I need to get out of this quickly is because I got a I can't afford the mortgage no more. And I'm like, Well, OK, how about we pay the mortgage while we're doing the negotiation and we've done stuff like that before?

**Joe:** The guy that I learned this from his name is Rick Otten, and I'm looking at so I did two or three podcasts with him. This was way back about four years ago. And if anybody is interested, go look at real estate investing mastery dot com. My website for the podcast, real estate investing mastery, dot com and look up Rick Otten photo. And that's just how he does all of his deals, especially virtual deals, because he's buying them on terms many times with owner financing or taking over the mortgage in other countries. So he's doing these deals in Greece and Spain was to are two of his big countries that he's doing these deals in. Wow. But that's his approach, especially when it's when he's that far away, when he's in Australia, when he's in England, and he's negotiating deals in other countries using local realtors. And however they do it, he has found it's just so much easier to negotiate the price and the terms when it's a partnership with the seller. I don't know if he uses innovations in those countries, but it's a great negotiating concept. I think this is fascinating. Nobody the solves so many problems. Number one, it solves the whole brokering, you know, without a license thing that people are freaking out about right now. And you know, Illinois has said, you can't wholesale without a license for you. You can't do deals without a license. I heard that just today, I heard North Carolina. I think it is. It's starting to really crack down on this. Oklahoma is trying to. Yeah. So do you have your license, Corey? Do you recommend people get the license?

**Corey:** I'm licensed here in Arizona. Although I don't utilize it, I got I got license the beginning of my real estate journey so I can list my own flips. And that's why I got it. And now I never, you know, list no flips. I do about, you know, three to five flips at a time, at any given time



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here locally, just on the side. It's one of my side hustles and I still have a realtor who list them. I don't even do it myself. So but next year, I might let it expire.

**Joe:** Well, does it help you kind of get your foot in the door with other agents when you're talking?

**Corey:** It does. Well, it's done a lot of great things for my my real estate journey. Like, Give me the MLS access learning. You know, I get access to the MLS paperwork and understanding all that. Yeah, and talk of realtors and brokers and just understanding like how realtors walk, right? You know, how they walk and talk. It's a different it's a different industry than what we play in. And so to really understand it, yeah, it's been tremendously helpful in my real estate journey.

**Joe:** Nice. OK, so you have a webinar that I took a snapshot and I wanted to talk about the seven steps to seven figures with no visions. And do you have it open there? We can talk. I do. Would you mind just walking through those seven steps with us?

**Corey:** Absolutely. So the first step is a disqualifying the seller from a cash offer, which will we? I just talked about what the scripting, either you disqualify him and you pitch the innovation on the front end, or you can negotiate the cash offer, send the paperwork and then pitch the Norway on the back end. And then at that point, you know, you're sitting in all the agreements, the the innovation agreement, the attorney, in fact, getting a sign that that's step three, step four is get pitcher. The list of property in the MLS. The way we get pitchers now is getting the local realtors boots on the ground as he pitches for us, so we'll get to know base locked up. We're going to call those realtors in that local market and then when we get someone to take the listing, they become like our employee. Now they're going to go over there and say pitchers for us, they're going to organize walk throughs. They're like their boots, the ground for any problems, the property, you know, they're helping conduct the inspection, they're helping conduct the appraisal. It's everything right? And that's why we love you, the realtors. We also do the flat fee listing way to that. That's more problematic than in my field and the realtors. Except you say so a little bit of money. But for me, it's what realtors are worth their weight in gold for this. So after you get the pitchers, after you listen to MLS, you're going to get a buyer in place, you're going to sign up. Are you going to sign the offer as a seller? And once you do that, you're going to record what's called a notice of interest on the property. A notice of interest does two things the clouds title like a memorandum, a contract does so that way you're protected on the property from something happening, seller going dark, seller trying to sell to somebody else. And it also allows you the capability of getting paid when we close, because this is acts like a lean on the property in the way we get paid is by a lien release, and this is how the



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financing companies approve us. That's why wholesaling is so difficult because with a finance buyer, because the mortgage companies never approve it, because it's an assignment, you're not on a train, a title, they say, and it's like it's an issue. But with a lean payoff, all mortgage companies approve lean payoffs. A mechanic cleans up, obtain a mortgage is a lean, so they always approve any kind of lean payoff. So we'll file record the notice of interest. And then basically, you're going to have the seller come in and sign the final HUD with the attorney. In fact, way the seller has to sign the final hunt with a power of attorney, you could sign the final HUD. But I still there's a lot of unethical area that I don't like about the power of attorney stuff, but seller signs the final HUD and then you're going to record a release of interest. The release of interest is going to release that notice of interest, Leon. You're going to instruct the title company how much it costs to do the release, and that is your fee for the innovation. I love it.

**Joe:** So you're getting paid with a lien, which makes it easier to for your end buyer to get conventional or FHA financing. Yeah. Matt Andrews is in the house. What's up, Matt Andrews? Do you know Corey Corey? Do you know Matt?

**Corey:** Hello Matt. I know I got him on Facebook.

**Joe:** Who doesn't know Matt Andrews. Love you, Matt. Good dude from Family Mastermind.

**Corey:** Oh yeah, that's how I know. I know Matt. Yeah, Yup. Yup.

**Joe:** See the hand signal this is his.

**Corey:** Absolutely. We had talked about a month ago. I might be joining Family Mastermind after all.

**Joe:** You should. I've been in it almost a year over a year now. Yeah, with the cool kids. So back to this, the cool thing about this is you are getting paid, as with a lien release. So the instrument is like being it's like a normal loan or a mortgage or some kind of debt recorded against the property, which makes it easier now for FHA or VA financing or conventional financing to pay you the normal traditional way of wholesaling. It's always been a challenge. You have to double clothes, which costs a bunch of money, right? And then you have to have two separate closings and eight being a B to C and then getting the money. The transactional funding for that which costs more money trying to hide. You know what your purchase price is, what your sale price is. I hate that you can't do assignments when you're dealing with banks. That's another pain in the yeah. So this the songs, a lot of problems makes the closing easier, doesn't it?



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- Corey:** It does. It really does. And the transparency man, just from A to Z, it makes the deals run so much smoother and wholesaling man, it's just it's brain damage sometimes. And we got to the point where we were doing it one time. At one point last year, we were doing about 40 to 60 deals a month. I mean, we were doing a lot of volume. We went through a small shutdown in the year, revamped my business, but right now we got like thirty two deals in the board. But when you're doing that many deals, man and wholesaling, especially when deals are fall apart because there's no transparency and it's just it's brain damage, man.
- Joe:** Talk a little bit more just real quickly about what are some of the common objections that a seller might have when you first bring this thing up? I know you're not calling it a novation with them, but what are some of the questions or the objections the seller might have?
- Corey:** So one one popular objection. And then we get this in wholesaling two is, well, why don't I just list the property with my sister? That's great. You can go list your property with the sister. That is perfectly fine. We just want to let you know all your options so we always push them towards their objections. It's the whole John Martinez stuff, right? Push them towards our objective. Yeah, you can absolutely sit with your sister when you should and you should. But I understand you're going to have to go through the retail process, you're going to have to deal with the inspection, you're going have to do the appraisal. You got to deal with the title. We're in our concierge service. You don't do any of that, including the inspection repairs. We'll do the repairs for you. So understand we could probably get you just about close the same amount of money as your sister's going to get you, but that you have your options. So we push them towards that, right? So that's one of the biggest objections you're going to get upfront. But we get that in the wholesaling, too. It's like the same thing, though, with the realtor. OK, then go listed with a realtor.
- Joe:** You got, you know, these these these sellers have to be kind of motivated, right?
- Corey:** Yeah, they're calling us for convenience. That's the biggest factor, right? They're calling us. If they want convenience, they want ease. They don't want to deal with the retail process. So we're still offering that convenience for them, except for we're going to handle the retail process for them, right? So there's still a convenience factor is just not cash offer will close next week. But that's the ultimate end of the day for most of our economy, if not every once in a while. You do get the seller, they do need that money. Next week, something happened in their life that there they have to have the money or they lose the property, or there's something going. Then that denervation doesn't work. You're gonna have to go, OK, here's my cash offer. This is what we're going to do. I'm sorry, you know, so you do need to



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have a little bit of time to do innovations. So depending on the motivation factor, is how you got to determine what your offers are, so.

**Joe:** But I wonder if you could, you know, give the seller two options. I can pay cash for this.

**Corey:** You can. We do that. We've done that. Yeah.

**Joe:** Or if you want to partner on the deal and you know, I can offer you more, but we'll split the profits.

**Corey:** That's absolutely yes. You can do that. Absolutely. And we do it. We're kind of a little bit of that now with our backend novation offer, you know, getting the cash first because some of them might go, No, I don't want to do the concierge service. Just give me the cash offer. OK, great. We're going to go that route. Well, some of them are like, Oh yeah, I'll take five grand more. Sure. Let's go ahead and do and do the concierge service.

**Joe:** OK, so on the on the novation agreement, do you have a deadline or like you say, it's you're guaranteeing that it's going to close in two months? Or how do you how do you work that?

**Corey:** So we're putting a time limit on there. But once again, transparency to the sellers key. Let them know, you know, hey, average days on market in your in your town is about forty five days. So it's like, you know, it could take you, you know, 50 to 60 days to get this wrapped up for you. We're going to try for quicker, but we'll get to 60 days on an agreement and then hopefully we can get it close quicker, but just let you know it could take a little longer to. So it's that it's all on your upfront conversation. So that way, when you get to the 40th day and you still when sold the property, you can call them and have that conversation again with them. But I mean, most of the time or when we're listen up properties, we're trying to list it typically like 10 percent of the average, as is comp to try to move that property as quickly as possible off the MLS. So the key is just trying to move inventory, especially when we got 30 something deals right now and most of our innovations trying to move as quickly as possible. So but it's just an upfront conversation for the seller. Let them know because they know bringing a buyer to the table and the average days on market for your area is about 30 days, 40 days, 50 days. Now in Phenix, it's like seven days. It's ridiculous and Phenix right now, so I can live it connected elevation in like 30 days here. You know, it's it's all market dependent, but some of these rural markets, that's where you really have to have that full transparency conversation with them.

**Joe:** So you can do this in small towns. You can also do it in in major markets. But right now you're targeting any market where hedge funds are buying properties, right?



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- Corey:** Yeah, we did that because when we relaunched the company, what we're doing is we're having the acquisitions lock up all the deals. And now obviously, we're trying to get novations first. You know, always try to get novations first, wholesale second, but even still novation. What we're doing is we're presenting all our deals to hedge funds first to see if they will buy the deal before we go through the novation process. Because hedge funds right now are paying retail and it's absolutely crazy what they're buying and doing right now. I mean, the market is hot as crap. So we're trying to give make that one of our exit strategies before we go ahead and conducted their base and now they say no to the property, then we're doing the novation right. So that's just we wanted to make that of one of our first steps. So now I'm making I'm targeting all my marketing around counties that we're hedge funds are buying it.
- Joe:** One of the reasons why I like the small towns is, and I'm not I don't know how to do PPC. I love to learn someday. But one of the reasons why I love small towns is direct mail works really well there. It does. So like, you know, you can get three or four times the response rate in a small town that you, as you can in a in a big town. One of the things I learned from a friend of mine, Larry Goins, is, you know, he can sell anything as long as it's on a paved. Road. And there's a Dollar General store, a store like that within, I think, is what's his rule 20, 30 minute drive or something like that on a paved road? Right? And it has a Dollar General or Piggly Wiggly. I don't know if you know what a Piggly Wiggly.
- Corey:** I know that's a back east thing. Yeah, yeah.
- Joe:** But like, there is so much mattress money in these small markets as well, and a low inventory like it's a lot easier than people would think to sell houses in small markets and virtually no competition.
- Corey:** It's funny you talk about that. I remember listening to one of your podcast and I think it was with Sean Terry, like two years ago. Yeah, we talked about before went nationwide, and that podcast was one of the reasons why I was like, You know what? That was one of the better off deciding factors to go nationwide.
- Joe:** And we're not talking, you know, we're talking counties that have at least 100000 people in it, you know? Yeah. But like, you're going to see three or four times the response rates with your direct mail. I was just talking to somebody who's getting a quarter of one percent response rate with his direct mail, talking to Larry just the other day as well and what we're seeing in small towns. Three to five percent response rates with our direct mail. So yeah, there are a lot of opportunity there. I love this innovation strategy because it works really,



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really well in those small towns when you can have when you have to rely on the realtors to sell these deals. Absolutely cool. You got some questions here. Matt says, Keep up the good work, guys. Thank you, man. Question from Mario. Do you find hedge funds in small markets too?

**Corey:** No, we have not. That's why we target bigger markets. You know, I would say probably two hundred and fifty thousand or more now if we get a deal on a small market, we're just going go for the innovation. We're just going to know it and then fill out in MLS.

**Joe:** Nice as Sharon's asking to find small town. I'll just say that small towns that we like to target are two or three counties outside of a big MSA. So if you've got Dallas Fort Worth, that's like, or what's another example? Nashville like, that's I know Atlanta. It's like six different counties, right? So you kind of want to go outside two to three counties outside the MSA, which is the big window, and you're probably not going to find a hedge funds that are buying out there. But there still is a lot of opportunity. There's a lot of demand for houses in those market, a lot less competition, less competition. Great people are asking, Hey, how can I get more information about novations? It sounds really cool. I want to send you guys right here. Novation Joe dot com. Corey has a fantastic course. It's not cheap. I do get a commission from referring people to this, but I don't know anybody else right now that's doing more deals or teaching it better than Corey is. So if you're interested, you want more information. Go to Novation Joe dot com, depending on when you're listening to this, might take you to a different page. I mean, that's just just doing one deal is going to more than pay for itself, and you have to make sure you get the right paperwork. You got to make sure you're approaching the seller the right way. You're telling them the right things, you're approaching the realtors the right way, you're saying the right things to them. Got to make sure your paperwork is in place and

**Corey:** Paperwork is the most important part. I spent thousands on drafting that up and I mean that right there is worth the price of admission.

**Joe:** Do not use paperwork you download from YouTube or the forums on on BiggerPockets. You know, make sure this is this is a really, really smart investment. Real quick, I want to wrap this up, Corey. What are some of the mistakes people need to be aware of to avoid? What are the mistakes people need to avoid when doing innovations in these kinds of deals?

**Corey:** Oh, I can tell you about my biggest one right now that I'm going through. It's in Illinois. You gotta be careful out in these these markets I listed a novation deal with and I'll say the listing companies name because everyone is bought needs to be aware of them. It's called



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list with freedom and let me close the deal with me. Forty two thousand dollars on the deal seller was happy. We're happy. A month later, the real estate investigator calls us and he's investigating us for fraud because list with freedom was under investigation for fraud. Yeah. So he's like, Well, we found your file with list with freedom. So that has been a. We're still dealing with that. Had to get attorney involved. So be careful on if you're going to use a flat fee listing company. That's why we like local realtors. You know, you don't have that issue. So be careful where you listen to properties and what market. Some of these markets, like we had mentioned earlier, are not very friendly because what they they're like, well, you're wholesale the property, didn't you? I know I didn't wholesale. I had novated it. Well, did you go on chain on title? Like, No, I didn't go on to win the title within you wholesale. Like, no, I didn't. So that's why I got the attorney involved. So be careful. Markets like that, like you were saying, Oklahoma's one of them. Illinois is one of them. And I think maybe North Carolina. So be careful with a flat fee listing companies because they're not all, I guess. Not ethical. I don't know. It's crazy. Their own investigation of a fraud. Which has been.

**Joe:** The realtor monopoly that's trying to crack down on this. It is and they don't like flat fee brokers.

**Corey:** It's they don't because, right, because I mean, they're so cheap in mass volume and it's just, you know, they're taking over the market space. So another big mistake is if you're starting this out and you don't have a lot of capital and you don't have a high financial risk threshold is a lot like the caller. Don't list the properties for FHA and VA. Just do cash in conventional because the conventional, like I mentioned earlier, you can do a buyer credit. So if you need a new roof on the property with conventional financing, you just do it by a credit and you know what to pay for. It just comes off your off a purchase price. But with FHA and VA, you have to make the repairs. You got to go in there, made the repairs, you got to get a follow up inspection. The past that financing contingencies, you'll do an FHA and VA's more of an advanced strategy, I feel like and we do them. I got one in Wyoming right now. I put seventeen thousand dollars on. I'm going to make fifty five thousand the back in. But I also have a higher risk financial risk threshold, so I'll just be. Know your risk threshold. That's very important. If it's five thousand or less, then then then you know exactly what to be looking for and don't do FHA and VA. So that's another mistake you can make early on this journey, especially if you don't have a lot of capital.

**Joe:** Mm-Hmm. Yeah. And guys with any strategy, there's going to be mistakes you could make. You've got to make sure you do it the right way, make sure that you're doing it and aboveboard. And the thing I love about the strategy is you are you're fully open and



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transparent with everybody. The seller signs off on everything. There's no shady under the counter, under the table type of dealings going on. Everybody in the world is going on.

**Corey:** Yeah, it's the rule of wholesaling. Nice.

**Joe:** All right. Corey has been so good. Thank you so much.

**Corey:** Thank you so much for having me, man. Truly and blessed and honored to be here.

**Joe:** Nice. People want to reach out to you. How can they do that?

**Corey:** Facebook's the greatest place, man. I'm very active on social media. Corey Geary or Instagram. The Corey Geary. I love playing on social media, always trying to deliver content on there. And you could DM me. It's me who answers a DM. It's not a VA. So that's probably the best spot. Yeah, man.

**Joe:** Nice. Cool. Thank you very much, guys. Go check out Novation Joe.com or look up Corey Geary in Facebook's. Man, I appreciate you, Corey. Thank you so much.

**Corey:** Thank you much, man.

**Joe:** We'll see you guys. Bye bye.