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New Market Challenge Day 4 - How to Make Offers and Evaluate Deals

Hosted by: Joe McCall

Guest: Gavin Timms

- Joe:** Hey. What's going on, guys? Welcome to day four of the brand new market challenge. Sup, Gavin?
- Gavin:** How you doing?
- Joe:** Good. Just going into our Facebook group here to make sure you guys are here. If you can see us and hear us, type in the comments right now on YouTube or Facebook or wherever you are and say, hey, what's up?
- Gavin:** Yes.
- Joe:** All right. All right. Let us know you're here. Let us know you're watching, give us a thumbs up. What's up, Mary? Who else do we have here?
- Gavin:** Play well yesterday? How was golf?
- Joe:** It was good. I played okay and kept on topping the ball, but I just moved the ball back in my stance a little bit and I started hitting it a lot. So. Steve Hall. Steve. Oh, good morning. Well, we're letting people get on here again to say hello. Type in the comments. Let us know you're here. Give the video a thumbs up and like I might. King. Brian Burka. Good to see you guys. Brian Henning from Charlotte. So, Gavin, you know, normally the ball is right in the middle of your stance, right? And I've been told.
- Gavin:** Depending on the club.
- Joe:** Say it again?
- Gavin:** Depending on the club.
- Joe:** Okay. Right, right. Yeah, of course. But I've been told you shouldn't, you know, like, you shouldn't adjust the clubhead. You shouldn't move the ball in your stance if you're topping,



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if there's something going wrong with your swing and you shouldn't be, like cheating to move the ball back or, you know, change your club face. Is that true? Is that what you subscribe to?

- Gavin:** Absolutely. Because normally what happens is you're just correcting and that is kind of a quick fix. It's not solving the problem. Right. So it's put in a Band-Aid, I guess, is the is the thing. Because if there is, the ball is too far forward and you swing swinging properly, it hit the ground before the ball so you wouldn't top it. You'd hit it heavy.
- Joe:** RJ says if you're topping the ball, you move closer to it. Easy fix. Yeah, that's easy fix. Right. Thank you, RJ. Easy.
- Gavin:** That's it. RJ Now you're going to shoot level par when you get back out there. Stand closer to the ball.
- Joe:** Yeah. RJ, I want to see your score. Okay. Show us your scorecard. Next time you go play. Sean, let's go up from Columbus, Ohio. Facebook user from Orlando. Gail, let's rock this. By the way, if you're still showing up as a Facebook user, you need to in the description of this video in the Facebook group, there's a link in there, streaming icon slash Facebook, you need to click that. So it gives extremely our permission for us to see your name. Same with Sacramento. They're right on. Nicole. Banff, Alberta. I love Banff. I've heard about it. I've never been there. Belton, Texas. What's up? Ted, Jacqueline Awesome. Let's go to City Hall. No motor home, Gavin Not today.
- Gavin:** Florida today.
- Joe:** I'm usually usually topping. It is because you're not setting up properly or you're bending your arm forward too much. It's probably right.
- Gavin:** Could be a hundred things, looking up probably too, the most common as well, you know, before you hit it so you lift up.
- Joe:** Yeah, I'm going again Sunday. All right, cool. Guys, welcome. Enough golf. We just wanted to give everybody some more minutes to get on. Glad you guys are here. Those of you who don't know Gavin is used to be a professional golfer. PGA card? You still have it?
- Gavin:** I still oh I pay my fees. Yeah, I don't play like one, but I still. Yeah, I still am classed as one. I still have my status, let's say.



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- Joe:** So Facebook user, smart Alec, Facebook user. Maybe you're trying too hard to hit the ball. No, I'm not trying hard enough. Of course, I'm trying hard to hit the ball.
- Gavin:** This is me as well. We're armchair watchers, right? We all have the answers from the armchair.
- Joe:** Yeah, usually you're top it when you're over swinging. Which is true. I've been trying not to bring my clubs as high up as I used to. Trying to bring them up, not as high and slow my swing. Let's not swing so hard so that when I do slow it down I do swing better, let the club hit the ball. And it's amazing when you don't swing hard and you hit it right how far that ball goes, it's just crazy.
- Gavin:** Timing beats speed.
- Joe:** Say it again?
- Gavin:** Timing beats speed.
- Joe:** Right. And you know what else? Real quick, because I love golf. Sorry. If you don't want to talk about golf or listen, then start your own five day challenge. I figured out if I just put one last part on every green, I'll save 18 strokes. 18. I'll break 100. If I could break if I could save 18 strokes, I might, I might. I'd get in the nineties. Stupid game. Okay, Jim, great idea. Let's do a five day challenge on golf. Awesome. Incredible idea. We need and talk about real estate the whole time the tour championship starts this morning here in Atlanta. Does it really?
- Gavin:** Might be there, I guess if they're saying then they must be playing that this week.
- Joe:** All right. Let's get started today. Matt wants to know my handicap. No, you don't. Because it's pretty bad. I think it's 27 or something. I've only been playing for two years. Okay, so today we're going to be talking about making offers specifically for houses, because I showed you yesterday how to how I make offers for vacant land and super easy. And it's kind of the same for houses, isn't it? Like you got to figure out what you can sell it for and then offer ten grand, less than 15,000. That's it. So don't complicate this. Sometimes the best way to do this for houses or land is just to look at what what would you sell it for and always be thinking. And this is important to understand who who are you selling this deal to? Are you selling it to a land buyer or a recreational buyer, land buyer, a landlord or rehab or a retail buyer? Because all of them buy these properties at different prices. The recreational land user may want owner financing so you can sell it at a higher price on



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terms that if you're selling it to a landlord, all they really care about is cash flow, right? So when you set your price, make sure that after they rehab it and after all their costs, they're still cash flowing, you know, 10% cash on cash return the first year or they're still getting 200 a month or whatever like that. Right. If you're selling to a rehab or you need to make sure probably follow more closely these 70% rule RV times 70% minus repairs minus your wholesale fee. So so much depends on who you're end buyer is. If you're in buyers, a tenant buyer more important than the terms than the price is the terms. So if you're doing a lease option, you need to think in terms of the price. The option price is important, but not as important as the monthly rent. So you can set the monthly rent where it needs to, needs to be. Are you still going to cash flow and is the rent going to be low enough so you can get a good quality tenant by you? What I'm saying? Yep. So always be thinking about who are you selling to and how can you make this property more marketable to your buyers? Where are your buyers? Where do they go looking for these deals? And so let's start with houses, Gavin. This is what we're going to be talking about today. How do you make simple offers without complicating it and making it confusing?

Gavin: Right. Yeah. So as you just said, I mean, I think we could go into this as well, depends on what type of deals. But we need to get kind of a standard base, right, of what is the house going to be worth? And there's two ways that I like and I'm going to tell you why I have two. Number one is if this house needs work, let's say I'm looking about paying cash and my house that I have on the contract or I'm going to make an offer on is it needs work. It might be vacant. No one's lived there for two years. It was a rental. It's not been updated. Whatever, whatever. Right. So it needs work. So we know that. So when we go in, I look at the first thing I do is I use.

Joe: Again. I need to step out for just a minute, and so can you. I'm just going to turn my camera off. Dana is here, so please keep on going. I'll be right back.

Gavin: Yeah, no problem. So. So, guys, what I do is I look at a pick one service, right? To use service, meaning Zillow or Redfin. Or it could be freedom soft or prop stream or batch, whatever you're coming from. Just take one, okay. And then use that to start with. So maybe that decision don't overcomplicate on which one? I don't know which one you're going to pay. Well, let's say I'm going to give you a free one, Zillow. So you going to go on Zillow and you're going to find out that you're going to look at what is actually sold. So, you know, I'm going to look at the Zestimate. You're going to look at getting all the all the estimates from every site. You're going to look at actually what sold in a similar condition. That's the first thing. Now, when, as a rule of thumb, when I'm comping a property, looking at comparables, I'm going to I'm going to give you some rules of thumb that I like to try and stick to. And this is more of an appraiser the way they would look at it. Now, you want to



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ideally say, if you can, with the same style house. So you can't take a two story and a ranch style and start using them as comparables because they're not all you want to stay if you can, within this ten years of being built, within ten years of each other or as close as possible, you also want to stay within about 200 to 250 either side of the property for the square footage. So if your property is, let's say, 1200 square feet, you could go down to a thousand and up to two, 1400 within that range if you can, or as close to it as possible. Also, same bed, bath sales not as important, but definitely bed side. So try and keep it as a three bed with three beds and twos with twos or make adjustments accordingly. If you don't have the option, depending on what comes that you can pull and that's going to give you. And then the last thing is lot size as well. Is it 10,000 square feet? This is three acres and they're not kind of going to go together either. So when you got these rules of thumb that that's kind of what I stand by. And then what I do is I'll jump on Zillow and I'll start off making sure that I select houses that if that's what I'm comping against and I'm going to start with, then three months, six months, then up to a year of looking at sold, sold comparables. I'm going to try and stay within the same neighborhood and I'm not going to cross any major roads. So if there's a highway separating, unless I know the area, I can't say I'm on this side of the highway. They might be selling for 50, 60,000. On the other side, they might be selling for 300,000 because they might be different subdivisions, different neighborhoods. So you're not going to be able to use them as comparables to try and stay within the neighborhood, start try and stay within half a mile, mile max, but within half a mile, if you can, and don't cross any major any major roads. Now that just to get a rule of thumb, ideal world, we get all that. But if not, then you're going to have to just make judgment call calls accordingly. So once I know the fundamentals of what I'm looking for, I'm gonna go on Zillow, I'm going to look up the property. I'm not going to go on to sold and I'm going to start within three months and then back it into six months and into a year. And I'm going to start pulling the data to see what sold. And I'm looking within, again, 200 square feet, similar size, similar style home and then similar condition. Now, if I find this is now the easiest way to comp, especially a cash deal, if I go and take the three lowest sold comps, okay. In the similar condition that needed work and I'm going to go on the that that's my goal. So if I make a position, a cash offer verbally like we talked about yesterday, let's say I see one at 72,000, 69,000, 75,000. Okay. That could be kind of the three comparables, the three lowest that all need work like mine. So 69, 72, 75, whatever. I then I'm going to go. Or I could average them if I wanted. And let's say average was I'm not going to witness about 72,000 between the three and then I'm going to offer 20,000 under it. So I'm going to go and try and make an offer of 52,000 on that property. Now, the reason that I call this price and current is that I want to go low enough that I can still come back up and still make the deal work. Because if I again have, that's what sold on the MLS. So that's what people that that's well on the MLS but that's what I'm saying same condition I'm going to price and correct 52,000 or negotiate from. 52. Let's settle it. 62. Then there's a



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chance I could still sell this at 72, so I could still make my \$10,000 spread. And that's how I would do it. So don't overthink it. Okay. It was very simple. So one more time. Three. Lowest sold. Cut it by 20,000 and then come back up accordingly to get the deal done. Now, that would be the one way. That's my preferred way. That's the fastest and easiest way. Now, you could say, okay, I'm looking at comps and I'm clicking on the same style, same same thing again, same fundamentals. And I'm saying, okay, this one sell for 120, this one over 130, this one sell 425. Now, these have all been fixed up, fixed and flipped. So someone's bought them, rehabbed them and sold them. So now I'm not looking at the same condition home. The comps that I'm seeing is actually in after value repair. So if I get the after value repair, then I need to do the obviously the MAO formula where I'm going to do the percentage for the market that the buyers will buy. Now, what do I mean by that? So if you're in California, okay, it could be. 85% of ARV in Birmingham, Alabama. It could be 60% of ARV in Ohio, it could be 70. In Phoenix, it could be 75. So whatever your area is will change. Well, how do I know this network with your bias? Find out what they're offering, and then you'll be able to work out pretty quickly what it is for your market. But in my for based on this offer for me, I'm going to pick 75 that 75% of ARV. So one more time I go on, I look at the three columns that have sold that are available to me. And now these have all been bought, fixed up and flipped. Now I'm going to take them that the higher amounts. 125 one 2130 right average 125 of what they're selling the after value repair. I'm going to do 171 25. Okay. Minus my 75, my 75%, minus my rehab minus my wholesale fee. That would be the other way. So let's do that real quick. So we do 175125 times. 75% is 93,750. All right. And then we go, okay, well, how are we going to estimate the repairs on this? Very simple. What's the condition of the property? It's not been lived in for two years. Okay. Let's say is a I'm just making notes as I say this side. Because remember, when you talk to sellers, you always take notes, right? So this is going to be a thousand square foot. Okay. And it's not been lived in for two years. That roof's old. The kitchen is outdated. There's no leaks. There's no mold. But it kind of needs a full rehab. Right. So I might say, okay, it's a thousand square foot and it's going to be \$40 a square foot. So I need to put 40,000 into it. Okay. All right. So my rehab is going to be for me, and I want to make \$10,000. Okay, so this is what I do. So I have my ARV because it's the after value repair that I've seen witness with my eyes. So brand new pictures, it's been done. That's how we know the difference between it's not the three lowest sold because they the the sold all that I could say is that this has been fixed up. All the solds I see is that it needs a ton of work. There are going to be your differences is 125 on average between the three. So I do the 125 at 75%. Okay, which is 125, 75% is going to be 93. 75 is a thousand square foot and I'm going to say \$40 a square foot. So we're going to need 40,000 in work. Okay. So I do the 93, 75 minus the 40,000, which is 53, 75 now. So when the buyer is going to pay 53, 75, everything on the 53, 75 is now mine. So how good are you? How low can you go and what can you negotiate? Okay, now, if it's a fast offer, I might just say ten grand. Hey, we're



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going to offer 43, \$43,750. Okay, well, why? If I want a price anchor. Well, if I'm going to price anchor, I'm going to do it on the phone. So the difference is, instead of putting it on that paper, I'm going to call back and I'm going to say something along the lines of Amazon seller. I already know that I'm going to be selling this around 53 to the buyer. AM As a seller, you know I just the work and blah blah blah I'm going to be around 30, 30, 2000. That's probably not going to work, right? Really that loud blah blah blah. You start your conversation, but I know I can come up to around 40, 40, 3000 while we still solid at 53. Makes sense. So that's how you would do? That's how I would do the two, how I would comp the property according. Accordingly, depending on the information available. Now there's people out there that will say take the three lowest and do 80%. Okay, that's fine. But in these value lower end home because you start doing 80% of a \$400,000 home versus 80% of a \$60,000 home, you get way different things. That's why I just like keep it simple. Three lowest sounds in the same condition, right? If you can find it, just think how easy this is. Zillow is sold similar style home age, size beds, bath right there out there. Because normally in the neighborhood, they build them the same way. Right. Or very similar ones. We have that in the similar condition which is was out there if they needed work or not. And then you're going to look at that and go, I'm just going to offer 20 grand less as a verbal and then come back. It can't get any easier than that. And that for me works in every market. It doesn't matter if you're in San Francisco. It doesn't matter if you're in Alabama and Mississippi. In New York, you can't beat the soldiers that are in front of you in the same condition within the allied timeframe of 3 to 6 months. And then you go in and it is a wholesale deal and then selling it for what people already pay for that style in that condition. It can't get any easier than that. And then if you have an easier way, let me know. And the only other easier way that I can even remotely think of is go in the Zestimate -50%. But the Zestimate so far off, it doesn't really work. So that's why I think looking at actually what sold and doing it that way is going to be a game changer. So hopefully that makes sense. Let me know what you think on that. And while you're putting in questions or comments like, did that make sense? I need to know because when I just spoke on that, it made complete sense in my head on what I was saying. And I got some good feedback here from some of you. But let me know if that makes sense as well to you, because I need you to understand it, because when you do and you understand this, the speed, because that's what it is, I don't want and I think share on I need you on one of these. Okay. That is me. Okay. Joe spoke yesterday about making blind offers with land really in strategy. Okay. You don't have to have these conversations when it comes to houses. You got to get on one of these. And I need you to know about the speed of this offer, because why you'll make. And here's the thing. Until I get one of these, which is a contract and I get one of these, and we put this to this pen to paper. Pen to paper. Then it's. It means nothing. It means nothing. I can say to you. Joe, come by my house. I'm going to sell it to you on the dole. These things. You're my guy. I'm going to do this. I'm going to



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sign until ink hits the paper. You haven't got nothin. Okay, so speed is everything. Okay, so hopefully that helps. And Joe, I don't know if he just seen what he was drinking from there. He stole this mug off me, he swapped them when I was over that one time and sent me home with the wrong one.

Joe: One of our students sent this to me. It's the best coach ever. If you're listening to this, it says Best coach ever, coach ever, number one. Gavin's cup says second best coach ever. And as a number two at the bottom. So it's a little joke inside.

Gavin: Joe hasn't admitted yet, that he ordered both of them. He still claims someone else did it now.

Joe: All right. So very good. Should we go through you want to go through an example?

Gavin: I was going to yeah, I was going to just when you were getting back on. So basically what I just covered, Joe, was I did my preferred way of looking at finding the last three solds in the same condition. 20 grand last is the price anchor is my preferred way. And then if they see that, they see the rehabs on them, that they've already been fixed and flipped, then they can do the MAO formula. That's kind of what we just we just covered.

Joe: Let's look at an example. You want to look at one of your leads, are you not as brave as me?

Gavin: Because I don't want to do this with Chris working them. I don't want to ruin anything for him but bring just bring any leads we can look at it.

Joe: By the way, we will show you these deals and contracts once they're.

Gavin: Oh 100% when they're signed. Yeah.

Joe: And when you get them under contract we'll show them to you and we're completely open book, but we just have lost deals before when we shared too much information. All right. So I'm going to share my screen here and let's kind of walk through an example deal in Baton Rouge, a house deal, and how you would make an offer on it. Okay. So this is Zillow. We're just going to Zillow and let's go look at what you want. Look at a cheap house for sale or or do you want to look for that a rental and make a offer on a rental property?

Gavin: Either just I think just randomly pick one and let's look at it. One other thing with if we have someone that needs work.



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- Joe:** Let's keep one under hundred and 25,000. Okay. These are all homes under 125. Let's do a minimum minimum of 20. All right. So there's 102 listings between 20. And so we're looking for let's do title. We're looking for more a property that could use some rehab that looks like it might be a good rental property. Maybe. Here's a good one, maybe three bed, two baths. It's in French settlement Louisiana. This obviously needs some updating.
- Gavin:** Yeah.
- Joe:** Did a newer floor but the cabinets well there's wood paneling on the wall. Let's just look at some of these pictures here. I'm trying to scoot back. All right. So there's a window, air conditioning units, older floor popcorn ceilings. The wood flooring is not done. Looks like needs new windows, maybe. Yeah. Whoever was trying up did either. Didn't finish, just needs a lot of work. Got a nice pond or river or something in the back. That looks like a typical Louisiana.
- Gavin:** Yeah.
- Joe:** All right. Yeah. Bathroom needs updating. The toilet looks really dirty. There is no window in the bathroom. Okay. You want to look at this house here?
- Gavin:** Yeah.
- Joe:** But I'm going to copy the address and put it in the was. I'll put it in a chat here in stream yard so everybody can see it while we're looking at it. You see the address there again?
- Gavin:** Yeah.
- Joe:** So you all can look at this while we're looking at it, too. And I'm also going to I like Redfin sometimes if Redfin is in this area. Gavin, do you know how to share your screen?
- Gavin:** Yes, I should be able to.
- Joe:** Inside of stream yard. All right, good. Redfin is up. And there's a couple of reasons why I like Redfin now. Do I maybe need to stop my screen sharing?
- Gavin:** Maybe I'll let me. I'm going to.



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- Joe:** I think we can choose multiple different screens to share. Well, this is interesting. This one's raised because it's so close to the water. But this one is let's look at something that's not a double wide. And this is an area would I don't know, I would stay away from it. These are all raised because I like.
- Gavin:** It's letting me do it.
- Joe:** It's not letting you share.
- Gavin:** It's asking me to restart Chrome, which I don't want to do that because I've got to do my preference as the same style or they'll kick me off.
- Joe:** Here's a house that's been on the market for 45 days. Doesn't need a whole lot of work. Actually, we try to do rehab. Let's look at another one. How about this for bed? One bath. All right. This is a good one. It has been on Zillow for 16 days, but this one is it's a four bedroom, one bath, 780 square foot. This would be probably a good rental property. You look at the pictures, it's going to need a lot of cosmetic updating. And it's not I would I would bet this is a pictures from a rental property and this is a tenant. The landlord just wants to sell it. Smaller kitchen. You might get away with these countertops, cabinets maybe look fine. The floor is kind of breaking up over there. There's two different kinds of tile, so maybe new flooring in the kitchen. So this is probably a good rental property that a landlord would want to buy and rent out. Screened in Porch Area Window Air Conditioning Unit. So do a lot of these properties in Louisiana have do not have central air are they just used to the humidity and don't mind.
- Gavin:** The lower end ones just have the window unit switch will be barely working.
- Joe:** So it's more common maybe to have that kind of thing in the house. All right. So I want to put let's let's do this one. Let's just look at this one. We put I'll put the address in the comments, everybody else looking at it. All right. So this is a house that's listed for sale. And the seller's probably pretty motivated because this is not a house that a retail buyer would buy. And in fact, the description says it's pretty short calling all investors. This house has so much potential which screams this is a fixer upper. They're not probably getting a lot of offers on this thing and probably asking too much, right? Well, if you're going to make an offer on this, Gavin. Yeah, obviously you're I'm thinking, all right, so if I want to sell this to a wholesaler, I'm going have to sell it to that wholesaler or as a wholesaler to the landlord for a lot less than it's currently listed right now. Because I can't. Sometimes people do this, they'll offer \$90,000, the seller accepts it, and then they try to sell it for \$100,000. And the investor, the landlord is like, Why? Why would you sell it for 100? And I can get it for 105.



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And you know, you need to when you're selling it, you need to sell it for a lot less than what is currently on the market for. What is that number? I don't know. But I guess, you know, if I could sell this thing for maybe 85, if I could sell it for 85, and then an A landlord looks at it and says, oh, man, it was just listed for 105. Maybe this is a good deal. So if I want to sell it for 85, I'm thinking I need to offer 70, 70 to 75 on this. That's just immediately what I'm thinking. What about you?

Gavin: Yeah, yeah, yeah. I think the first thing is, like, I look at this. Imagine that client, one of our students sends us this property or on a zoom call. Right? And they go, Oh, I got a property. What do you think they're giving me that whenever they think the first thing that I do is I come on here and I go and look at just basically what sold in that condition. Because immediately in that direct area I'm I see when we look at the sold companies this that things are going for 65,000 70,000. So immediately I will say well if you're not at least underlie or around the area this isn't a deal because in the last six, six months we've had ten comparables here sell in under 70,000 and you want to try and sell yours for even if this is listed at 90,000 or 85,000, it's not going to work. You're too high.

Joe: All right. So what I just did is I went back into Zillow and I typed in the address of that property so I could center it on the map. All right. So that property now is centered on this map right in the center. It's right there. I'm going to remove the boundary. And these are all of the homes for sale in that area. And I'm going to sort it from low to high and I'm going to also change it to sold. Now, we're not going to get pricing here, are we?

Gavin: No, it's Zillow and Louisiana. So this is where you'll have to do Redfin. Joe Redfin does give it.

Joe: All right. So if you're in an area, though, I just wanted to show you. Yeah, you can do sold you can go to sold in the last six months and just zoom in and out where that properties in the center and you can see all your results here of what has sold. Now, Zillow is not going to give us the sold. So sometimes Redfin will. Let's look at this property here in Redfin. All right. Here's that same listing. And this is also where, you know, you can also ask this realtor, Jennifer Timberlake. You can say, Jennifer, I need some help. Coming up with some comps for this property. Can you help me out? When I'm talking to these agents, I also let them know they if they can get me this deal, they can get both sides of the commission so they can represent me as a buyer and represent the seller also as the agents for both of us dual agency, so they can get both sides of the commission. All I need you to do, Jennifer, is what are homes selling for in the area? Can you give me a list of all of the souls within a half mile in the last six months? So if you can't get comps, the realtor can from there from the MLS. So one of the ways you can do it here in Redfin is you can click on this map and



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there is a button right here, map nearby homes for sale. You click that button. Now it does the same thing I just did in Zillow. It puts that house in the center of the map. And if I zoom out, I'm looking at what are my what are the comps in this area? And I'm going to sort by my sort by high to low to high. So I'm looking at the cheapest properties. Zoom out again. Here's a vacant lot for 30. So I'm going to make sure it's just houses. All right. That house is still the cheapest. Now I can go right here to for sale click sold last six months. Nice and Redfin gives us prices. Why? I don't know why. Redfin does. Zillow doesn't. I don't know. But it's nice to know that in some areas. So now we've got 41 comps. And immediately I'm looking at this thinking, oh, wow, 25, 27,000. These may be smaller, they may be bigger, but I don't know. Here, look at this is a nice looking house sold for 40 grand. It was 1400 square feet. Our house is 792 square feet. And it's yeah, this is this house is going to be for sale for a long time. Just looking at these sold comps. This is again the last six months. 60.

Gavin: Yeah, perfect example how we can analyze if it's a deal or not. Right. And then by looking at things like this, because the market, all the information is always going to be on the market for everyone to see, for you guys to see, to know, am I in the ballpark or not? And that's what we look at. That's why we were able to go into any market in the US. And as Joe said, if it's in the middle of nowhere and if we can't pull the comparables, then we have to talk to the agents and get them to see to see if they can give us an estimate on it.

Joe: And again, going back to looking at this from your buyer's perspective, this is what your buyers are going to do. We're going to look at sold comps and say, why on earth would I want to pay you 90 or 100 for your house? Look at all these comps that have sold for in the forties sixties. It didn't need nearly as much work that we're bigger now. So what I one of the methods I like to do is I like to take the average of the lowest four or five and multiply it by 80%. Super simple. So we get my calculator. I know you can't see this right now. All right. So I'm going to do 25,000 plus 27,000 plus 40,000. US 40,000. Let's do one more 61,000, 50. The total of those five is \$193,050 divided by five. So the average is 38,066, ten times point eight 80%. I would offer \$30,900. That's what I would do. Now, here's something that I do, Gavin. I don't know what your philosophy is on this. This is a rental property, right? This is not something you're going to fix up in this neighborhood and sell it to a retail buyer. I just this looks this kind of looks like a double wide at one time. This isn't a buyer. This isn't a property that you'd probably want to sell to retail buyer. This is a rental properties. This is why I'm looking at the lower costs. If it was a nicer home, maybe something like this, I would look at the all right if I fixed it up and it was really, really nice, what could I sell it for? And then do the mayo formula of after repair value times 70% minus repairs of 50 grand minus my \$10,000 wholesale fee. And I would offer then that. So what would you do, Gavin? Anything?



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Gavin: Yeah, I mean that the two ways, you know, that I did, I already said was three lowers if I get same condition chop on under or if I see the where they've already been fixed or I don't know, writable and resold, then I take that number up, do the MAO, which is probably about 70% for Baton Rouge, minus repairs, minus the fee. And then the fee, the fee is where do you make it? It's not any money's no motivation. I just put the fee on there and make the offer and move on. But if I'm going to think there's a chance of getting this signed or there's some motivation that I'm going to verbally make the offer over the phone before I send the code, before I actually put it in writing. And the reason being is that's how I comprising. But I need to use the sales. The skills on the sale side to position that faith to think bigger. Right. You always want everyone wants a deal, right? Why I say go to 20,000 under and let yourself come back because the seller then gets what they want is so hard to negotiate with no movement. I never make an offer with where I actually want. I never give my max number. I always go under my max because if I'm I'm in a conversation and I wanted to give you 32 and we sell on 42. Well, the seller's just got ten more thousand for their offer and I was where I need to be. If I go at 42 and I literally at 52 is my absolute max to sell to a buyer when I have to negotiate. That's how I ended up doing a \$3,000 deal instead of a \$10,000 deal. Because I didn't build in build in enough spread on the front side for myself.

Joe: Yeah. Okay. Let me show you another way, because you might have said, well Joe, because the house is right here on the street. I zoomed in and there's higher comps here. There's no cheap comps in this area. So one thing you could do is you say, all right, well, look, Joe, there are some homes here that sold for 130, 135, 142, 149. That looks similar. But this one, for example, all updated. All right. And this one is like just a block, two or three blocks away. All right. So I'm looking at this thinking, all right, if I fixed it up and sold it to a retail buyer, like whoever is going to buy this thing and this is maybe a similar house, you could argue, I don't know. But I would sell mine for maybe 150, maybe. Yeah, let's say. All right, I'm going to sell mine for 150. So then you take 150 or 50,000 times 70%. That's 105 repairs on our house. You know, sometimes I use a dollar per square foot. Sometimes it's just a round number from experience, you know, 50 grand. You're going to need a new, new exterior to make it look nice. You're going to need a lot of landscaping. 40 grand. 40 to 50 grand. Let's just do something in the middle. Let's do 45 grand for repairs on this thing. So 150,000 times 70%. I get 105,000, -45,000 for repairs, -\$10,000 for my wholesale fees. That gives me a 50. The other method I used, I think I said I would offer 30,000. If you want to sell this to a rehab or I would might offer 50,000. But some of you are also now thinking, well, listen, they're asking 105 and you have the gall, the gall, the gumption, the nerve to offer half of what their list prices do. Do we care if we're going to offend them?



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Gavin: It doesn't. No, absolutely not. If it doesn't make you give butterflies in your stomach. Right. If you're not uncomfortable, it's not low enough. That stuff, that's the reality. But no, you can't. The numbers are the numbers, guys. You can't offer too much just because you like them or the realtor is really nice. The numbers are the numbers. The numbers may lie and it won't move. This well, this house, based on what I was saying, is not going to move unless it goes to a retail buyer that's going to obviously overpay. But in terms of an investment, it will not sell at that amount.

Joe: Somebody was asking about prop stream in comps on comps property. We can look at that real quick. You go to propstreamJoe.com, by the way, those of you who are watching now type in in the comments, what would you offer for this House? Type in the comments? What would you offer? All right. So this house now is in the center of the map, and I can click on details here. This is interesting. They there's no length of ownership, which means they've owned it for a really long time and there's no mortgage on the property. One of the things we didn't even talk about, if you're using my automated offer pro calculator, if you are a VIP member, you have access to that. You take the average whatever Zillow says it's worth Realtor.com, all these other websites, and you take the average of those. That would be the estimated value fixed up and you could then offer. You can start with that. But anyway, you can see this house is owner finance. So what if you came to the seller and said, you know, I can pay you cash 50 and this could be the realtor, I can pay you 50,000 in cash, or I might be able to get you something closer to what you're asking for. If you're willing to carry back some finance, that wouldn't work, would it? What does that mean? Well, I don't know. I mean, what if you know, and then you could say, what if I give you 80 for it and you let this owner finance it for five years and I'll pay you 500? What would it rent for? Sometimes the old says here that you'd probably rent it for 861. What does Zillow say? Zillow says this property might rent for. So typically, I don't know. Somebody tell me somebody type in the check what Zillow says it would rent for. I usually take half of what the rent is. It's not even telling me in here and I'll put that is principle only payment system. So let's say I think I could rent it for \$800 a month. I will tell. I'll pay the seller \$400 a month. In principle, only payments zero down because it needs so much work for five years, let's say, or until paid whatever. It's non-negotiable. That's a great thing about offering terms. Owner financing, for example, on a house like this is because you can negotiate for different things. You can negotiate the price, the down payment, the monthly payment and the term, how long you do this so you can give the seller options, say, this doesn't matter to me, I'll pay you cash if you want to walk away. I'll pay you 50 grand now or I'll pay you 80 grand if you can let me finance it for a few years while I fix it up, and then you turn around and either rent it out or sell it to a tenant buyer on a lease option. Or maybe just do arbitrage. You know, you're paying the seller 400 a month and you're selling out an owner financing for \$900 a month. Can I do a wrap around mortgage or land



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contract or something like that? A lot of different options here. Okay. So what are we doing here? We're looking at property and let me. Yeah, okay. We'll just stick with prop stream here. You can see that this guy has owned it for a long time. Sometimes it's helpful to come in here and you can see if there's any leans on the property. Kind of get an idea of what's going on. MLS Details. Cool thing about Prop Stream now is you get the agent's name, phone number, sometimes email address, sometimes emails in your ah. You can see that it failed in July fell through. So that's why they've lowered the price. They probably realize it needs a lot more work than we realized. So now here's the phone number of the agent. You can just call the agent up, right? And now if you go to comps comparables, you can search for public records or MLS or both. So we're going to do both here. And the cool thing about the prop stream is that automatically does the date range for the year and plus or minus probably 20% square foot or something like that. I want to make this a little bigger so things come up. We can do a radius distance. Right now it's half a mile, but now it gives you the comps over here on the right and you can sort this now it's giving you estimated because it's a nondisclosure state. So again, sometimes even prop stream can't get the sold comps, but Redfin is showing the sold comps, which is interesting. Right. But you can see kind of what they're selling for new. And again, I was starting with 150 looking at this, I think one fifty's too high for my RV. I probably should have picked 140. Maybe I did pick 140. I don't know. I picked 150. Cool. Let me show you one of the really cool thing here. Now, let's say you get it under contract. Let's say you get under contract. What are you going to do? Who are you going to sell it to? Was a couple of things for bandit signs and bandit signs in the neighborhood to sell it cash. But one of the coolest things here about props tree now so I can zoom out a little bit and I'm going to do a draw tool right here. I'm going to draw I was going to say, all right, show me all of the investors if this is going to let me do this. All right. For some reason, my computer is really dragging because of this.

Gavin: The live stream.

Joe: In the live stream. All right. So I'm just going to try to. All right. I just picked that kind of an area right there. I click search. It's going to pull up all of the properties in that area that I just highlighted. There's 5600 properties there. And then I'm going to go right here to filter. I'm a shade. Show me absentee owners who own a house and boom, there's 863 absentee owners who own houses in that neighborhood. So I could download that list and send them a letter. You can also go even deeper if you want and you can say, All right, show me all of the ones that have a free and clear house. So they bought it with cash. 646 of these absentee owners don't have a mortgage on their house. All right, cool. Let's look for a one. Friends that have owned their house less than two years ago. So they bought a rental property there in the last two years. Here's 25 landlords that have bought a property in this



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area in the last two years. 25 of them. What do you do with them? You can skip, trace them, call them, send them a letter. I like this letter that says Help. It's a letter from me pretending to be the seller selling this property that I'm desperate to get rid of. It says Help. I desperately need to sell this property at one, two, three Main Street. I've been trying to sell it for a while. The title is clear. Taxes are paid. Needs a little bit of work. I've got to sell this thing today. Please help. Drive, buy, call me. Make me a cash offer. Right now I'm desperate. And then sign your name and phone number. Your cell phone number. It's got to go to your cell phone because when they call, you want to answer that and you send it to these nearby landlords. And guess what happens when you send a letter like that? You get calls and you talk to them and just they say, well, what are you selling it for? You say, you know, I don't know, I'm trying to sell it. You got it under contract for 50. Try to sell it for 70. And I tell them, all right, immediately that I'm an investor. I'm just a wholesaler trying to sell this deal. And I sent the letter to get their attention. But yeah, I'm trying to sell it for 70. They'll probably say something like well listen, I'll pay you 60 for whatever, and then you just sell it to them. But that letter works really, really well. It's a handwritten yellow letter pretending to be a desperate, motivated seller, and you got to sell this thing. There's also a really good bandit sign that you can put in this area that says, I'm desperate. I got to sell my three two bedroom house or I'll take anything. There's a sign that I like. Let me show it to you real quick. Again, I don't know why I'm talking about this. I just want to walk you through the entire process here of how this works. Right. And it sign as this painted sign that I really, really love to use when I'm selling deals. Now I'm going to show it to you here.

Gavin: And while that's loading, guys. Someone's asking about freedom soft as well. Like you can pull comps in freedom soft, batch, prop stream, and they've all got the same interface. So whatever you'll use and pick one and just stick and get good at good at that. One particular thing, I'd rarely recommend that.

Joe: The sign works like bonkers, whatever that means. But it works. Please help me. I need to sell my house. I'll take anything that gets the phone to ring. And so I'm going to be an investor landlord that calls maybe a neighbor. Right? Guerrilla marketing, it's called guerrilla marketing, sending yellow handwritten letters, pretending to be a motivated seller, doing ugly handwritten bandit signs like this. This stuff works. Get on the phone and call every landlord and realtor in that neighborhood. Call other wholesalers. Hey, I got this deal. You want to partner with me on it? If you can bring me a buyer. Any questions on that, Gavin? I know we didn't talk much about land today, but we can do that tomorrow because.

Gavin: We kind of covered land yesterday as well.



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Joe: Yeah, I did talk about it.

Gavin: But I think we can go over it one more time in the morning. First thing we can open up with that.

Joe: I will give you guys an update just now on my Park County. No more, we didn't get any new leads yesterday. We got one. But the response rate has been really, really low. I spent some time yesterday digging into the direct mail. Did it actually go out? We sent out direct mail in the two campaigns. I'm not convinced yet. The second campaign has hit yet, so we'll see. So far I only have 15 leads. We've sent 12 offers. Three of them are dead. We were I was talking to my team yesterday and a lot of we texted the sellers the offers as well as sent it in the physical mail and email it to them. And a lot of them responded back on the text saying No way, we would never accept an offer that low. One guy here just says. We sent him an offer for I'll tell you here, sent them on offer for \$5,250. They raise taxes and the offer they responded back offers rejected. We paid \$20,000 in the nineties. Guys, listen, we get that all the time. And when I'm coaching new students, it's crazy. They kind of freak out like, oh, my gosh, these people are mad at me. All I'm doing is making everybody mad. Why would they ever accept my offer for \$5,000 when they paid \$20,000.30 years ago for this deal? I don't know. But they do. We're averaging after follow up one offer out of every 20 to 30 get accepted. So again, we're talking about making offers. If you don't feel uncomfortable, a little queasy in your stomach when you're making this offer, you're offering too much. Does that make sense?

Gavin: We we've got 12 leads in for cold calling and one in for text messages. But we didn't text yesterday will be texting today. So random 500 text messages sell and we all cold calling 5 hours a day. So within three days we have 12 leads, which is ridiculously high. It's higher than I've seen in a long time. So I just want to be completely honest about that. We're great. I'm I'm grateful that that's what's happening. But it is high. It's good. One text and then direct mail is not here yet. So we have two follow up ones. We have five pending verbal offers over the phone before we make the offer, and one contract is out for delivery to be signed with an older gentleman. So it's not signed yet, but we've admitted negotiate the numbers. So we have one potential that might get signed, but it hasn't been yet.

Joe: I'm looking at another offer we sent to a seller. We sent them an offer for 30 \$200. And this is a 5.34 acres, 30 \$200. So are we being aggressive in our offers? Yeah. Could we offer a little bit more? Yeah.



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Gavin: Yeah. And we want to say guys like where we're making offers to actually get a deal moved. Right. And it work. We're not making offers just to get an offer accepted. We want to do it that we think we're actually going to make money on, which is the whole point of this.

Joe: Let me just show you real quick here and then we'll wrap it up and go to our VIP zoom call. This is a property in the near the area that we're looking at, one of them right now. So the house and the vacant lot that we're making the offer on is in the center of this map. Right around there. All right. And we're looking at just land. We're looking at this is 5.3 acres. So I'm going to do 2 to 10 acres. It's 5.3 acres. We're looking at just active listings. So I'm going to zoom in a little more because there's just too many comps. Right now we have 81 agent listings and ten Facebook listings sorted low to high. Look, again, again, I'm looking at what would my buyer what is my buyer looking at? How can I make my deal more attractive than any of these other deals? And so this house I mean, this property is selling for 13 grand. It's been on the market for 166 days. This one is five. These are same size. They just kept the price. 15 grand. 5.4 acres. 13,500. So I'm just looking at this thing. And again, while all right, if I want to sell mine fast, I'm going to need to sell mine for maybe ten, maybe 12. So I take my calculator. Let's do 12,000 times 0.25. That's \$3,000. That's how I come up with my offers. I'll offer you three grand for this five acre property. Why? Because I want to make a profit. I'm not in this business as a charity. I'm not in this business to make everybody happy. I've had students tell me before, Listen, everybody is so mad at me. And I said, Well, why? Because my offers are so low. And I said, Well, then offer more. Why not give them whatever price they want? Well, well, then they'll be happy, right? Well, I know our business isn't to make people happy. Why are we in business? Why are we doing deals? It's to make money. To make money today. We're going to make people mad. You bet. And if you haven't made somebody mad by 12:00 every day, you're not marketing hard enough. You're not making enough offers.

Gavin: And every business is that, right? You can't feel bad. Like just think of the car industry. Just think of the markup on, you know, clothes, all stores, right? You guys are in business or you're where you work for business owners, everyone's in business to make money. So you've got to you've got to make offers that make sense.

Joe: If you want a friend, go buy a dog. If you if you if you want a friend actually live in a house with a neighbor who has a dog that is out of town and they want you to feed the dogs while they're out of town like we're doing today. So. Right, I can get a dog. They love you to death, right? They're awesome. They're just fun to play with. We're not in real estate business to make friends and make people happy and get them to wag their tail and love us. Look at these properties. 130, 150. Who has the balls to offer \$150 on 6.42 acres? Well, I don't know. Maybe that's back taxes owed or something, but somebody is. All right. So



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anyways, you guys get the point. We're in business to make money today. Don't be afraid to make lowball offers. If a house is listed for 110,000 \$105,000, do not be afraid to offer \$50,000 if it's a vacant lot. And you see that there's comps here. Well, Joe, there's comps that are sold for 9000, 10,000. These are retail buyer comps. These are not investor comps. These are what the investors are selling these for to recreational buyers. So we need to sell ours for ten, which means I want to make a profit. I'm going to offer three. Who cares if the seller gets mad at me? All right. We made our point. Are we good?

Gavin: We're good.

Joe: If we're somebody's asking real quick about due diligence that we do on land, we'll talk about that next week. But really, our due diligence is very, very simple. Does it have road access? Is it on the side of a mountain? What are their back taxes owed and what kind of restrictions are on the property? That's it. And we do that due diligence after they accept our offer. So after they accept my \$3,000 offer, then I have three months to do due diligence. And that's when I decide if I actually even want to buy it or not. Cool beans. All right, guys. So, listen, if you're VIP, it's closed now. You can't buy it's closed. But if you're VIP, we're going to jump right now into the Zoom room and we'll see you in there. All right, guys.

Gavin: Thanks, guys.