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1195 - The Details On How Pete is Averaging \$500k per Month Flipping Vacant Land

Hosted by: Joe McCall

Guest: Pete Reese

Joe: How you doing, everybody? Joe McCall, the Real Estate Investing Mastery Podcast. And we've got another great episode for you today. And we're interviewing a great guy that I just met. I like him a lot. I think he will, too. His name is Pete, Pete Reese, and he's a land investor, very active land investor. And some months he'll do just maybe only \$500,000 a month on a good month. Right. But yeah, that's not bad, is it? Flipping vacant land. That's what we're gonna be talking about. Today is my favorite subject. Flipping vacant land. And I know you're going to get a lot out of it. We are going to be diving deep into the details. So get a pen and paper like I got mine right here. Get your pen and paper out. We're going to take a lot of massive notes. You know how I do these podcasts? I like to overdeliver on the value, and we've got two things we're going to give to you for free on today's episode. Number one, I'm going to give you my land contract, the contract that I use to flip our vacant land deals. And Pete's also going to give you his I'm going to give you his link in a minute here. But if you want mine got a simple land contract dot com, simple land contract dot com. It's a real simple page. Put in your email there and you're going to get the actual one page contract that my sons and I use to tie up this deal. In Suwannee County, Florida, we made it \$12,450 profit on this thing, but we actually sold it with owner finance. And so we're getting \$250 a month. Guys, we bought this thing for 30 \$800 and we're getting \$250 a month for five years on that. Where else can you buy something with 30 \$800 actually out of pocket? We're only out of pocket about 20 \$500 because we got about a 1500 dollar down payment, something like that. So where else can you get \$250 a month in passive cash flow without tenants and toilets and trash and termites and all the other tees for just a few thousand bucks with zero debt? No, you can't. You can't do it anywhere else. So Pete and I are going to be talking about that on this podcast. And if you want my contract for free again, there's no catch. No, no tricks. Well, there is a little trick. We want you to register for a webinar, but if you go to simple land contract dot com, we will opt in there. We'll email you the contract, give you an invitation to watch a class that I did on how you can learn how to do the strategy yourself as well. Cool. Now let's bring Pete on because Pete's got some cool things to share with us as well. He's doing a lot of vacant land deals. Pete, how are you, man?

Pete: I'm doing great, Joe. Thanks for having me on the show.



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- Joe:** So glad you're here. Appreciate it very much. Let's talk about what you do. Where are you from and how did you send me an email a few weeks ago. We talked a little bit later on and I, I remember I was like, okay, stop talking. I want to save all my questions for our podcast interview because it sounds like you're doing some really cool things. But how did you get into real estate and start with that?
- Pete:** Well, I got into real estate like a lot of other people with the purchase of our first home, myself and my wife. And, you know, that kind of worked out pretty well. We only had them for two years, bought it with an FHA loan with a small down payment. So we were able to sell it a couple of years later and make a \$50,000 profit, and that's money in our pocket at the end. And we were at the time we were like, This is amazing. Real estate is great. I've always had an interest in real estate, but that was kind of the first actual piece of real estate I bought. It led to basically us getting into home flipping, so we did that for a while. This is before the big market crash of 2007 to 2009. During that time period, I got my broker's license here in California. That's where I live. And that was kind of a pretty good timing because I was able to use that broker license to sell REO or bank owned properties. So I was an REO listing broker for about two years during the worst market crash ever. So it was pretty busy actually at a time when a lot of people in real estate were struggling. So that led me to working with a lot of investors. I would find them deals, my listings and also other properties that I knew on the market that I could get locked up for them. So I knew that side of things being coming from the home flipping side of things and I knew that I knew what they were looking for and what they needed to make the numbers work. But I also like the fact that there's no emotions involved with the real estate and real estate investing. It's not about paint colors or feng shui or anything like that. It's simply about, did the numbers work and is a good business decision.
- Joe:** You see a lot more that in California maybe than other parts of the country either.
- Pete:** Feng shui?
- Joe:** Yeah, yeah.
- Pete:** Yeah, yeah. There's all kinds of things out here.
- Joe:** All right. So cool. When did you start getting into and what part of California do you live in?
- Pete:** I'm in San Diego and Del Mar specifically. So it's a great spot. It's nice weather most of the year. And that's why I'm here. I'm from Pennsylvania originally. That's where I grew up,



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went to college out there. And then after college moved out with a friend and just decided that if I don't like it, I can always move home. But it worked out pretty well because I got my family to move out after me. My younger brother, my older brother and even my parents. It worked out pretty well.

Joe: I've been to Del Mar many, many times. Well, I used to live in San Diego. For most of my childhood. Then left San Diego in 1989. Well, okay. Way back a long time ago. But anyway. Okay. So what got you interested in?

Pete: Well, I knew. I knew I wanted to get into the investing game again myself. And I just was doing a lot of research, trying to figure out what niche I wanted to sort of pursue. Read some stuff about man people taking a \$10,000 property and flipping it for 30,000. I thought, That's pretty good. I thought I had to do a bunch of those and it sounded great, but I really had no idea if that was reality or just, you know, people talking on the Internet. So I decided to, you know, I bought a course on it and I just dove in 30 years. This was in 2020. It was actually about two years ago. Right now. It was Thanksgiving time two years ago. So just over two years ago is when I bought the course on it. And then I just really dove in, learned everything I could about the land side of things. I had quite a bit experience with real estate, but land is a whole different animal, how to evaluate these properties and how to generate the deals. So, you know, I had a lot to learn and I figured I'd learn everything I could and then just dove right in. Cool. So sent out my first batch of letters probably about two years ago, right around this time of the year. And my first batch of mail was a complete dud because I, I mean, a number of mistakes, number of mistakes on it. But I learned from them and I did my first deal in November of 2021. So a little over I mean, now in March of 2021, so little over a year and a half ago, the first year, 2021, we did 1.2 in revenue and about 50% gross profit margin. And then 2022, I'm going to end up somewhere between three and a half and 4 million in revenue and right around that same gross profit margin.

Joe: Fantastic. Amazing. Right. Now, you've done houses. You've done land. What which do you prefer?

Pete: Land's so much easier. It really, honestly is. There's just less mess that can go wrong, I guess. I mean, there's always things that can go wrong in any sort of real estate deal, but there's just less variables. You're not dealing with people living at the property generally, and it's easier to get things ready to resell. It's just a lot. It's just a lot easier from my perspective, really.



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- Joe:** Yeah. And I should mention too, guys. Pete has his own letter and contract. And where did my cursor go? Here it is. And if you want it, you can get it right now. Joe McCall dot com slash Pete, Joe McCall dot com slash Pete. If you go there, you can get the letter and the contract that Pete sends out. Now he sends it. He does a little different. I want to go into this in a little bit. You send blind offers, right, to sellers mainly. Right? Right. I prefer to send neutral letters and I'd like to get your feedback on that a little bit here in a minute. Why you like that better? Let's talk about the deals that you did in 21 and 20 to last two years. What kind of deals have they been? Where have you been going in? You don't have to give us a specific county like areas, you know.
- Pete:** Yeah, yeah. Mostly the East Coast. That's kind of where I've been focusing. I've done some stuff in the Pacific Northwest, but most of my stuff has been the East Coast. It seems like it's the very out. Many of them are active. Many of the states are really active markets for land. There's a lot of deals happening and I like that California is a little rough for land investing. I know a lot of people do land investing in California where I live, but it just I did one deal in California, but it just doesn't resonate with me as much.
- Joe:** You know, I thought the same way we did some land in Kern County and Riverside County maybe.
- Pete:** Yeah.
- Joe:** Well, Los Angeles County, they're huge counties. Right. And I just felt like all that work for just these little deals because there's a ton of them that are just, you know, investors are selling them for like four or five grand. Yeah. And it's just a lot of work for a little bit of money now. And usually they're selling them as owner financing and there is a lot of activity. You can make money, but there are better states. Would you agree with this?
- Pete:** I definitely agree. I definitely agree. You know, and that's one of my things. I've you know, that's a different business model than I do. And I know a lot of investors make a lot of money, you know, holding the financing like you were talking about at the beginning and selling them that way. Mine is pretty much focused on buying cash and then reselling cash for a quick sale or my average hold time is 60 days on average between all my properties. So what we do is we buy off market direct from the sellers and then we sometimes do some simple things to them, like maybe we'll get some clearing done, maybe we'll get a perk test. They will get a survey, you know, depending on what it needs to enhance the marketability. And then we'll put it on the market right away with a local real estate broker and resell it so normally. Always use a local broker to resell at least the property for us.



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- Joe:** That's interesting. So you're finding more premium deals like what? So talk about what your well, let's rewind even more because I got a lot of good questions here and I know a lot of people are wondering, I. And I like the fact that you're your average hold time is 60 days. I think it's important for people to realize that unlike housing, where there's such there's so many buyers and such a huge demand, when you're flipping a house, you can usually sell it within days, but you still have that 30 days window where you have to close with the title company and all of that with land. It just takes a couple months longer, typically on average, right, to sell the land. All right. So can you talk about what your criteria is when you're picking a county? How do you narrow it down from the state to the county level?
- Pete:** Sure. Well, one of the things I look for, but just as a broad thing, is I try to be within an hour or two within a radius of a major metropolitan area that's got something going on for it that I like, really. So that that means a lot of areas in play basically. And then I try to look at what's the activity level? And are things selling well or they sitting on the market forever? You know, like one of the basic things I'll do, like if you're trying to just look at an area, say, say for instance, you take a certain county and it's Smith County and you have a certain criteria, properties you like. For us right now, we like properties ten acres or more. I mean, we have done similar properties, but that's what resonates best with us now. So that's what we're searching for. So I might put in, you know, I'll look on Zillow and say 10 to 100 acres and I'll say over the past 12 months, how many properties sold? And then I'll see how many properties are for sale. And if it's even like if there's 20 properties for sale, 20 that have sold in the last 12 months, then it's a it's a pretty decent market. If there are ten properties on the market within that range and 20 have sold in the last year, then I know it's even more active market. So things are selling and there's six months worth of inventory as opposed to a year's worth of inventory. And then if it's on the other side of things that there's 50 listings and only 20 sales in the past year, then of generally stay away from those counties unless I get some sort of I've had some sort of experience where I know that if I can price something super aggressively that it will sell or if I know that it's easier to pick up properties in that particular county.
- Joe:** So why are you staying above ten acres? Talk a little bit about that.
- Pete:** I've just kind of decided to keep that as my criteria for now, because I like to have more than one exit plan. I feel like if you're at the ten acre mark, then your exit plan you could sell to a someone that's going to build on the property. But if that doesn't work out, you can only sell to someone as a recreational side of things when you get into the smaller lots. I just I just worry and I've come into a couple of situations where we thought we did our due diligence, we thought it was buildable, and we've come to find out that it's, you know,



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there's a some sort of barrier there that would make it more difficult to build or not buildable in some way. So those properties like, say, a five acre property, you're not going to have many people that are interested in for recreation. It's just kind of too small. A lot of people are looking for something ten acre plus. That's kind of why I'm going there. And plus, you're getting some bigger dollar amounts when you go on to the larger acreage ranges. Now, I know some of the stuff that's pretty close to the major metropolitan areas that are in that five two, two five acre range, they can still be really pretty pricey, but those are generally only no buildable type properties. And if there's an issue with it, then you're kind of kind of stuck, I guess.

Joe: Okay. So can you walk through an example deal? A typical example deal, ten acres. It's an hour outside of a major city. You see a lot of activity. By the way, I wanted to ask you, do you use Prycd yourself.

Pete: I have. I tried it. Yeah, I've tried it.

Joe: With the research tool in Prycd where you can look at days on market and you can look at sold to for sale ratios.

Pete: No, I haven't used that. I just use it simply for the pricing.

Joe: Yeah, it's pretty fascinating because there's a there's a research thing where you can say, by the way, shameless plug if you're interested in Prycd everybody Joe McCall dot com slash Prycd, P R Y C D, it's amazing tool I, I would still recommend it even if I didn't get a little commission on and it's not much I get a little but there's a thing called research I think is what it is you type in the state and then there's about eight or 910 criteria and you can search for one of them is days on market, the average days on market, you can do a sold to for sale ratio. So the higher the number, the better. Normally, right, you can do as I filter down even more to number of sold comps. Want to make sure there's good activity in the sold area. And then I don't want too big of a county that's like in the major cities so you can do a population per square mile, maybe under an average of a thousand or something like that. Days on market number of solds the for sale ratio something else but then that then you see kind of the you can narrow down to a state with 100 counties down to ten or 20, which is very interesting. Right. So you're looking so give us an example deal in ten acres it's worth what are you trying to sell that ten acre? Property for? Yeah, pretty much.

Pete: We try to double our investment on anything we do. So say for instance, it's in an area where retail or retail may be, you know, 7000 or something like that. I'll try to pick it up typically for maybe 3000 acre, so then I can price it maybe slightly below the retail price.



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And then that's what helps me generate my quick sales generally. And the other thing is I'm only trying to buy what I consider to be quality properties at this point. Like I rarely well, first of all, I've only bought one land locked property and it's just I didn't lose money, but it was just such a hassle. I've kind of sworn off any kind of properties or things that have issues, like there's too much of a slope if it's a lot of wetlands, if it's, you know, the access is weird, you know, something like that. I just I just pass on those properties now. I used to they should try and make something out of every, you know, potential deal. Like for the right price, I figure for the right price, you know, I can make this work. But this those properties have all been problems or not problems. I haven't lost money on any deals, but they've been more effort than I want to spend on each property. And those are the longer holds and the ones that I make the least amount on. So I've been focused on just trying to buy what I consider to be quality properties, a property where if I walk down a property where anyone walk on the property, they can say, Hey, this is a nice property, you know, I'd love to buy this property. So, you know, no matter what kind of market environment, if it's a property that's a nice property, it will sell. You know, it'll sell if you price it slightly below market and they'll sell quickly.

Joe: So you're using a realtor to sell these properties, right? So are you trying are you figuring in when you double your money back if you buy a property for 30 grand, are you hoping to net 30?

Pete: Yeah, exactly. Yeah. So we try to you know, we try to double our investment after all closing costs and commissions and everything like that.

Joe: All right. So let's say it's worth about seven grand. And so you're going to try to sell it. If it's a ten acre lot, you're trying to sell it for 70?

Pete: Mm hmm. Yeah. Yeah.

Joe: Alright, so what's your maximum offer, then?

Pete: It would probably be on something like that. It would probably be 30. You know, I would say, you know, something where you can get a little bit better, you know, if it's quality property, sometimes we can get a little bit better than double, sometimes it's a little bit less. But that's just kind of try to ballpark it and say, you know, realistically, what could we list? As for where it's going to be slightly below market and then net and then hopefully double our investment and sometimes have to push it a little further. I know it's a quality property. I'm willing to push it a little further, even if it's not quite a double. But you know, so we try to do an average.



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Joe: Yeah. So you're buying the property around 40%, probably.

Pete: Yeah. Mm hmm.

Joe: When you were going after cheaper property, maybe 1 to 10 acres, were you down at the 25, 35% level? Did you ever look at it that way?

Pete: I think I've always that's always kind of been in my head, like trying to double. But I know we've done on some of those cheaper properties. We've done triple, quadruple. You know, it's we've had some really, really good ones like that. But I don't know. I think that's always kind of been my standard, you know, to try to double things.

Joe: Okay. All right. So you pick a county that's got a lot of activity an hour or 2 hours outside of the city, you're looking for ten plus acres, maybe 10 to 100. Is that the list that you pull?

Pete: Yeah, I actually do ten to, Max. You know, I'll even send like offers on huge properties. Thousand acres. 20 acres. Biggest one we've done is 650 acres. Wow. Yeah, that was. That was a good one. It was one I've only done two partner deals. You know, we're abundant partner to actually fund the deal. And, and that was one of them. We bought that property for 315,000 and ended up selling it for 595.

Joe: Did you use a funding company, a land funding company for that?

Pete: Yeah, I used a partner that, you know, he just was hoping to kind of partner on some land deals and he brought on the money and I did the marketing side of things and we split the profits. So it was a good deal for both sides.

Joe: I just interviewed Travis King from Freedom Land Capital. Is that what it is? This company and I had a student that used him and just made his net from the deal was \$13,000. That's how much he got the deal. Yeah, super happy about it, you know. But the funding company pretty much helped with everything. And they require you to list with an agent. Right. So the interesting thing about those deals, especially I tell people if you're just getting started, use a funding company that's already doing land because you can they can kind of walk you through the process. If it's a good enough deal, you can see how it all works. And that's one of the advantages of being in that higher priced property is would you agree, because you use realtors and you have the room to pay a realtor, and that also takes a lot of the work off of your plate, right?



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- Pete:** Oh, yeah. I use realtors, local land brokers on every single one of our deals unless I don't have someone in that particular. So our area, what we try to do is kind of establish relationships. We really leverage them on the purchase side of things. Like we have them look at our due diligence, give us their opinion of value. And, you know, if it makes sense for them to actually go out to the property as well, we leverage them in that part. But on the other side of things and we give them the listing after we purchase it. So it really takes off. You know, a lot of investors put a lot of effort into the marketing side of things, their marketing website listing and all those sites and everything like that. And we don't have that side of things to bog us down. And we just list with the broker who has their own process and their own marketing, their own buyer list and everything like that.
- Joe:** Have you ever tried selling any of those properties on owner financing terms? .
- Pete:** I haven't to this date, but actually I recently came in contact with someone that or actually buy the notes from me at closing so I get cashed out. He holds the financing, but it's not really part of my business now to hold the financing. Maybe sometime in the future. Maybe if I started a fund or something like that, I could I could see that working. But I think just the you know, when I kind of evaluate the funds that we have and the return on investment and everything like that, I think I can multiply it a lot faster just by doing these, you know, these type of deals that I'm currently doing rather than holding the financing.
- Joe:** All right. So let's talk about the mail that you're sending. You're sending letters. And again, guys, you can go to Joe McCall dot com slash Pete to get the letter in the blind offer contract that Pete is sending out. Why do you send blind offers?
- Pete:** I think it projects a level of seriousness, like, I'm ready to go. Here's what I'm I want to offer. And it gets people responding. Sometimes the responses are not positive. You know, were people upset that we offered to go on their property? And we get a lot of those. We use a call answering service to filter most of those out. But it's a starting point. You know, sometimes where we're on, you know, sometimes the prices are on, sometimes it's too low, sometimes it's too high. But at least it's a discussion starter in a lot of cases. And then they know we're serious about buying the property. At least that's the perception that we try to give. And we will buy a property if it's a good property and we can we can work out the price. So I've always done that.
- Joe:** But have you ever tested sending a neutral letter?
- Pete:** No. Never have. Never have. Probably should.



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Joe: I would suggest it. And I'll give you my reasoning why I like to do it. Because it takes so much time in the front end to price properties if you're sending blind offers. Right. You can't just use a neutral. You can't just use one price for the entire county. Depends on where it is. And I know guys that are spending tons of time trying to figure it out, break it down to the subdivision level, breaking it down in a map and saying, all right, all the properties here will get this price. All the properties here will get this price, you know, doing that kind of a thing. Wouldn't it just my argument is and I've tried both that I like the neutral letter better because I would I send everybody to a 24 hour I call it this texter call or 24 hour recorded voicemail. I want them to call and they know nobody's going to answer. So I don't have a live answering service. When I tested this before, it seems like I get more calls because it's going to a 24 hour recorded voicemail and I don't want them going to a website. I want them to call that number. Now I have more leads, I have more calls, and it's not a ton. I mean, I get maybe 2% to 3% depending on the county. Sometimes 1% get an average of 2%. That will call me on a letter when I send blind offers. My response more down in the half to 1%. So I get about double the phone calls, right? So if I'm sending out a thousand letters, I'll get 20 calls and I have a reference ID on the letter. So the voicemail says, thanks for calling, what's the letter reference ID? And we also text them and then we also ask them for their email address so we can email them the offer. Now I have three ways to follow up with them text, email and in the physical mail. But then we can look at the property and determine what we should offer them at that point so we can see, all right, what's next to a lake? Or it's in this way where there's tons of properties for sale. So we're going to exclude our property is going to be really low. Or we can see it's a landlocked property and say we're not interested or make an offer for 500 bucks, maybe 1000 bucks. We've done that before, super low. And so I would argue that you get more deals accepted because your offers are better to begin with and you get more calls and now you have more people to follow up with. So then we send we follow up with everybody that calls us every 30 days and we don't talk to them until after they get our offer still. So there's not a lot of being on the phone like. So we, we only talk to them after they get the offer. So I'd be I would I'd be curious to know how that would work. That kind of a strategy of of ten acres or more I'm normally targeting 1 to 10 acres is where I'm targeting, right. Maybe it's different on the higher priced properties. Maybe those bigger properties are easier to price on your blind offers. So. What do you think about that? What I just said. Do you agree or disagree? I mean, I wasn't going to ask you then how do you price your properties when you're sending you wind up?

Pete: Sure. I like it. I like the concept. Honestly, it's something I should probably test because, you know, I just look at the price, you know, kind of our average cost per deal that we buy. And it's probably going to end up this year, probably about 30 \$200 and mail costs for every deal that I buy. So it'd be interesting to see how that would change with the neutral



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letter thing. I think I think it could I think it should be something that I definitely test out. And maybe it could be a situation where I send my best, you know, a neutral letter and then a buy offer and that or put it into a rotation just because I emailed these same people multiple times. So I'm mailing them over and over again. Really. So it could be an interesting thing to throw in the rotation, too. And, you know, some people might respond to one, you know, as a over the other quite a bit better. And ultimately it's about getting a conversation and seeing if there's a deal that can be put together. Getting them to respond is the important thing.

Joe: So how do you price your offers then when you're looking at get it going and you get how many names on average in a county are you getting? 500 to 1000?

Pete: It depends on the county. It might be a couple thousand. You know, thousand, maybe 3000 is pretty much the average in all of these counties, it seems like. And, you know, you were talking about those guys who spend all the time and kind of checking out every single zip code and area of the county. I'm not one of them. Yeah, I'm I pretty much it's more of a shotgun approach, really. I just do averages for the whole county and then I price it accordingly. And I know I'm not as accurate as some of these people are.

Joe: Well, you never will be. Because that's the frustrating thing with it.

Pete: Yeah. But you know, when I look at when I look at overall, you know, I'm pretty happy with the return on investment. You know, my mail return on investment, you know, if I can spend 3000 or 30 \$200 per deal on mail and my average profit per deal is 22,000, which is what it's been averaging, it's it makes I mean, that's definitely a great return on investment, you know, six times. Seven times return on investment, something like that.

Joe: Well, it's phenomenal. That's still really good. We're spending about 1500 dollars on direct mail per deal.

Pete: Yeah, that's a lot better. That means I do twice the amount of deals if I did that.

Joe: Maybe, maybe, I'm just throwing it out there. Think about it. So you're just you're not spending a ton of time at the front now pricing your offers that right. Maybe, which maybe isn't as important when you're doing ten plus acres, you know? Yeah. I mean, I think it's easier.

Pete: I think I definitely think it's easier doing the larger parcels when it comes to that. And obviously different areas have different pricing. There's nuances to every single



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neighborhood really. But I just try not to get too hung on, hung up about it. I'm more concerned about consistently sending out specific quantity of mail each month like I tried.

Joe: How much are you sending? How many? How much?

Pete: 50,000 letters a month now.

Joe: 50,000 letters a month?

Pete: Yeah, yeah. Every two weeks within that 25,000. Yeah.

Joe: OK so, test your neutral letters with a smaller number there. That might overwhelm because that is going to be more work. If you're sending an actual letter, you're going to get more leads and you're going to be you know, you're going to have to price each and every one of those as they come in. Right now, what I do is I just look, price will tell me what to offer you know and price if you do a they have a thing called a comp report and it'll give you the county pricing, the city pricing and the geo location pricing, which are all different and I just picked the lowest of the three is what I do and send it out. But then I always verify it when I go to I go to Zillow and I just look at what do I think I can sell this for? And I know what my minimum profit is. So I'll come up with the number real quick, just looking at what I think I can sell it for and what price to saying. And then I got these two numbers, I just go to the lower one. It's typically how I like to do it and how I teach.

Pete: Yeah. Yeah.

Joe: So that's something you could have a VA do.

Pete: Yeah, I like it. Yeah.

Joe: Do you have virtual systems helping you with all of this or do you do it?

Pete: Yeah, I've got a pretty big team build out now. I've got a lead manager of lead and due diligence manager and basically they input everything into the CRM when we get a response. So we get a call into our call center or we get an email or a piece of mail back or something like that. They input everything into our CRM and then also kind of do some basic due diligence, like pull up a map link and put it in our CRM so we can just click on it and don't have to create that map. And you know, some things like that, look at the wetlands and FEMA floods and just some of the basic stuff. And then I've got an acquisition manager and her job is to actually call and communicate with all the sellers directly. I don't



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really do any of that myself at this point. I've also got another person that's a property analyst, and their job is to evaluate all these properties, look at them deep. We determine where we need to be pricewise and if there's if it's a property we actually want to move forward and buy. And then they also review all the due diligence after that's all collected as well. Then we get another team member that does this prep and just some other miscellaneous tasks within our business. And we've got a transaction manager that handles all the buy side transactions and other resale transactions as well. Just all the paperwork stuff.

Joe: So that's five people on your team?

Pete: Yeah. Yeah. And then an assistant as well.

Joe: The personal assistant.

Pete: Yeah, yeah. An executive assistant. That kind of helps me manage a team and really takes projects and kind of moves them forward.

Joe: So nice. Good. So six people on your team are they US based or Filipinos?

Pete: I've got a couple of people that are in the Philippines and then I've got one in Canada that my acquisition managers from Canada and then I've got my analyst property analysts here in the US and my transaction manager is here in the US and my executive assistant is US based as well.

Joe: I know a lot of people listening to this. You're going to be intimidated like, Oh my gosh, this guy's sending 50,000 letters a month. Is that five full time employees? That's crazy. It takes you time to build there. You weren't you didn't start there right away.

Pete: No, no, I just started with I started with my assistant from the from the Philippines is he came with me from another business that I have. And I just kind of trained him as I learned everything within the business. And I kind of gave him tasks that I wanted to get off of my plate. And gradually he just picked up a bunch of stuff, just kind of grew at all, like one piece at a time. And then I brought on the acquisition manager and then I brought on a transaction manager and then also the property analyst and then the executive assistant. So I've just kind of built them one piece at a time and just kind of trying to get rid of all the stuff that I do on a daily basis. And now I'm just pretty much evaluating deals. I'm trying to do big, big picture stuff. So yeah.



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- Joe:** So when you say your net, about 50% want to get into granular detail. Does that include all your overhead and staff?
- Pete:** No, no. That's like that's like it just the property stuff like, you know, say I bought \$1,000,000, 1.7 million properties and then we sold it for 3 million after commissions and closing costs and everything. That's just like the gross profit. Then I've got all the staff expenses and other business expenses that get deducted from that, unfortunately.
- Joe:** And direct mail costs.
- Pete:** Yeah. And direct mail cost is your big one. So.
- Joe:** So yeah, you're spending probably 35, 40 grand, 35 grand a month on direct mail.
- Pete:** It's about 25 grand. So, yeah, about \$0.50 a letter, maybe a little bit less.
- Joe:** Yeah. Okay, cool. Let's talk about some tools and software that you use. Right. Do you use your live answering service?
- Pete:** I use PATLive.
- Joe:** Okay, cool. You like them?
- Pete:** Yeah. Yeah. I mean, you know, we've had some things here and there, but, you know, it's generally just a matter of getting on the same page with some scripts and, you know, they're like any other business, really. I mean, they have some reps that are really good and some reps that are maybe newer and learning on the job. So, you know, we have this types of things here and there, but.
- Joe:** CRM, what do you use for that?
- Pete:** Yeah, we've got our own proprietary CRM. Yeah, it's built on the high level platform. I don't know if you have. Yeah. So it's built on that. But we've done a whole customization and it's just it's not just a CRM really. It's a whole business process system for us. So we use it to manage all aspects of like all the different team members and all the processes, like the transaction manager processes on the buy side and the resale side, like our, our due diligence processes that I'll get to manage within there. And then obviously the acquisition side of things when we're dealing with the sellers and the leads that come in and there's a lot of automations built within there like automatic texting and emails and all kinds of stuff.



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- Joe:** This is something really interesting. I use FreedomSoft, I love it. It doesn't do everything I wanted to do, but it does 95% of what I want it to do. But I've looked at go high level or high level, whatever it's called. Right. Did you look to see if anybody else had done something before that you just kind of copied? Or did you just start from complete scratch and build it on your own?
- Pete:** I started from scratch. I used it in another business that we owned, so I was pretty familiar with it and I saw that some people were using it for real estate investing, but it was all a little different than what I do, so I kind of had to build it out step by step and it's grown over time. Like I've added things and added things and customized it, and now it's to the point where it does a really good job kind of managing our whole business, really.
- Joe:** Do you? One of the drawbacks I'm getting a little geeky here in the tech business, right. Because I've looked at that and then I've done something similar with another software and it just grew into this huge little monster. All of these. I was relying on all these different third party apps for an app here at the time Globe Flow and then like if I wanted to do phone checks, I had to sign up with another service that tied into Podio is what it was. Then I had, if I wanted to do direct mail, I was tying something else in and I had this long chain of all these third party things that were coming in, and I realized that my chain is only as strong as its weakest link. So if Zapier broke or something broke with here, I wouldn't even know about it, maybe for a couple of weeks. So have you found that same thing with high level? If you have to have all these other third party integration things in it, does it still work?
- Pete:** That's one of the benefits of high level. It is kind of a maybe as you're building it out is really maybe not the most user friendly. Once you get it set up, it works beautifully, but getting it set up as a customized is maybe a little bit difficult, but they've got it. That's one of the beauties of that platform is they've got so many different things that are integrated within the platform that you don't have to use outside apps in a lot of cases. So there are some still outside things that we use a Zapier, and you still have to sign up for Twilio and Mail Gun if you're going to send emails and send text messages through there. But once you get those things kind of locked in, they have a direct connection with the with higher level. Then it's kind of kind of smooth sailing, really.
- Joe:** So let's talk about creating a contract. For example, if I wanted to create a contract in high level where I have my input fields and I just want to create a contract with all the merge fields in it, how would you do that with high level?



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- Pete:** Yeah, that's one of the things I haven't set up, but I would like to. Basically you can you would use DocuSign or pen to dock or one of those and then you use Zapier to kind of fill out the form and then it does behind the scenes and then sends it out through there.
- Joe:** So close.
- Pete:** It can be done. It's just I haven't. And it's one of those things on the list, I guess.
- Joe:** Well, I was also looking at it from a perspective where something I could build and then sell. When I sell it, I have to make sure they get Twilio set up. I have to make sure they get Zapier set up and then the mail gun is out. And then you've got to get DocuSign for the electronic signatures, and there's probably Panda Docs or something else that creates the document and then. Right.
- Pete:** So you have to, you have to do a whole onboarding thing. Yeah. Yeah.
- Joe:** It's kind of has all of that built in and already it's built in around the phone. So it's like any lead that comes in. The whole conversation with that seller happens in the lead inside of you. So you can see the inbound and outbound texts and the phone calls.
- Pete:** Yeah. And well that's what high level. That's what is there like you can in the CRM, you're going to listen to the recorded phone calls with other leads even if Pat live, you know they answer it brings it into the record. You can see the text it send out like everything's all in that conversation view. So you've got it all there, which is nice, but good.
- Joe:** Good, good. All right. Let me I got some more questions here real quick. Finding the money, get a deal. They say, yeah, let's sell it. When you got started, how did you get did you have the money yourself? Did you borrow private money? What did you do?
- Pete:** I had some money saved up from other businesses and things that you use to get started. One of the big things that I had to deal with in getting this started is proving to my wife that this would all work. I knew it would. I was very confident that it would. But so at one point we had, I don't know, maybe purchased like four or five properties. I hadn't sold anything yet, so yeah. And then we had the first one sold and the next one started so that she could see how it was all kind of working the way it should. But that's a little bit of a tense time, you know, when you put out all that money and mail or you put out all that money in deals that you're confident will be good deals, but you don't have that proof to yourself, you know, until you actually do it, I guess. So I was lucky and then I just kind of gradually ramp it up. I mean, I got to the point now where I've actually parlayed it into like my portfolio value



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is just kind of looking at that like portfolio value of properties that actually own that are either under contract to be resold right now or just properties that are being marketed right now is like 2.7 and those are all free and clear. So I was able to take a small amount and kind of just like snowball it.

Joe: That's fantastic.

Pete: Yeah. Thank you.

Joe: So you're using your own money now to buy these things?

Pete: Yeah. Yeah, except for I did, like, two partner deals.

Joe: Okay, so somebody's getting started. What would you recommend to them? And they don't have that kind of money saved up. What do you recommend?

Pete: Definitely do the partner deal thing. I mean, it's a I think it's a win, really, because like you were saying, like the partners, the right money partners, they can help you out to kind of evaluate these deals and yeah, know they're not going to put their money into something where it's not a deal. So you get to learn. You know, from their experience, like what is a deal and what isn't a deal? And if you're having a problem with the thunder, like thunder is don't want to fund your deal. It's because it's not a deal or it's maybe too risky. Like it's potentially a deal, but it's kind of a risky one.

Joe: Not enough meat on the bone.

Pete: Right, exactly. Yeah.

Joe: Bad deals. Have you done any bad deals you lost money on?

Pete: I haven't lost money on any deals so far. Thankfully, I've had a couple of deals where I've made like 100 or 500 bucks to just get out of them and move on from them. But I kind of lost money, thankfully.

Joe: When you got a good deal, do you buy it right away or do you give yours? You know, because I give myself three months to close on our land deals. Right.

Pete: Oh okay. Yeah.



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- Joe:** Do you close as soon as you can. Because if you know it's a good deal, just go for it.
- Pete:** Well, yeah. I mean, part of our thing is that we try to get things like we we put out a letter that we try to get it closed within 30 days. I'd close much quicker if I'm confident in the deal and we've got our due diligence done and we try to get that or due diligence done within a week or two, you know, depending on the photographer, you know, how quickly they can get out there really. But that generally the what we're waiting for is the title companies and sometimes some of the title companies just take forever to get the title search done and get all that stuff lined up. So we buy everything through a title company, attorney, escrow company, just because I want to make sure that that good. And then when we go to resell it, we're not going to have any issues on that side of things.
- Joe:** Yeah, that makes sense. The stock final question here. Competition, a lot of people are starting to get worried about. I mean, I've heard people complain about competition since I got started in 2009 full time in the business. Right. It's always people get worried about that. But what is your perspective now? You've been in the market a couple of years. Mm hmm. What do you. Are you worried about competition or are you seeing more people going after the same deals you're going after?
- Pete:** I hear all the time. You know, people get letters from different land investors. But honestly, doesn't competition doesn't bother me at all. And that's the reason. That's the reason I'm talking about really doesn't I mean, I think it's kind of a situation where there's just so much land in this country and just so much opportunity that to have that perspective, like there's like some sort of scarcity, you know, a scarcity mindset, I guess you could say. I just don't have that. Like, I just think that there's enough to go around and there's plenty of deals to be of, deals to be made. And you're going to get deals if you send out letters or you do, you know, if you do your outreach and you'll make money. I mean, the return on investments there. Yeah. You know, I don't know. I it doesn't concern me at all. I think I think competition will probably fluctuate over time. But overall, it's still a really solid strategy.
- Joe:** With the market slowing down in housing. Are you seeing market slowing down with land?
- Pete:** Most of the areas that we're in are still really pretty stable, but I try to keep a really close eye on it because I don't want to get I don't want to get stuck. And I think that it really helps that our average hold time is 60 days. So we can adapt pretty quickly. And if we sense that things are really starting to go downhill in a certain area and we'll just adjust our buy prices lower and.
- Joe:** Think you're buying so low, you've got you've got a lot more room for error, right?



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- Pete:** That's right. And you know, the interesting thing is a lot of people worry about the upcoming recession in real estate if that plays out, like a lot of people are saying. But if as long as you can buy for the right price and sell for the right price, you're going to be fine. When I was doing the REO Broker shop, when I was listing properties for the banks and the worst real estate crash ever, I mean, I would have 30 offers on a property because it was priced at a price. It was, you know, it was very attractive to investors and they knew they could make money on it. So there were still like activity happened. They were still stuff. It was just that the prices reset. And, you know, I'd have 30 voicemails on my phone as well that like every day they call people back. And it's just so it's such an unbelievable amount of activity because they were able to price it. Right.
- Joe:** So yeah, I love it too. And when you can even you could even do owner financing, you get more interest in a property, more buyer that would buy it, right? Yeah. This has been so good and I really appreciate sharing your stuff again. Guys, if you want to get Pete's letter and contract that he sends out, go to Joe McCall dot com slash Pete and we'll send it to you for free there. Pete, what can people get ahold of you?
- Pete:** Yeah, if you want to get a hold of me and please reach out, you can find me at Turning profit dot com and on there, I do a monthly income report which tracks how we're doing in our business the revenue, the gross profit, all the deals that we did one by one. I break them down, kind of explain how it went, show you the numbers on those deals just so you can see what's possible. Because when I started, like I said, there was things I was reading on the Internet or anecdotes of people buying a property for 10,000 and selling it for 30. And I just had that to go by. And there's nothing really more tangible than that. So I'm trying to put it out there, the information out there, so people can see it and see what's possible, see what I'm doing. What I'm doing is not the only way to do things by any means, but it's just what I know works for me and might work for you too.
- Joe:** Turning profit dot com. Right?
- Pete:** That's it. Yep. Turning profit dot com.
- Joe:** All right. Pete, thank you so much. Appreciate you, man.
- Pete:** Well, thank you, Joe. Really, really great to be here.
- Joe:** All right. We'll talk to you soon. Bye, everybody. Thank you. See you later.