1228 – How To Wholesale Deals without a License?

Hosted by: Joe McCall

Joe: Hey, good morning, everybody. Joe McCall here, REI in your car. Welcome to my podcast. Well, right now I'm driving my daughters to and from school, which is one of the joys about working for myself. I can have the freedom to do what I want when I want. I don't like being stuck in the office all day. I like being the freedom, having the freedom to go drive around and do stuff like take my kids to school. All right. So anyway, we still homeschool them, but they do other classes like part time, part time, things like that. Anyway. It's a beautiful spring day. And I got a question the other day from a student who it's interesting, I'm not going to knock or bash the student, but I can always tell pretty quickly whether or not I shouldn't. Okay. I guess I got to be real careful when I get kind of detailed what if questions. I know that student is going to struggle in this business and it's going to take them a long time to do deals. That's just the truth. And I know from firsthand experience because I'm that guy, okay? I overanalyze everything. I ask tons of what if questions. I have to have all my ducks lined up in a row because I'm a I'm an engineer by training. You know, I like analytical stuff. I was good at math. I took tons of algebra and calculus classes in college, got an engineering degree. I wasn't a smart enough to get a professional engineering license, a PE. I couldn't pass the PE exam, which I'm embarrassed to admit. But yeah, so this question came in and it was very technical. And what if, you know, and then they quoted some section of the Florida State Code that wholesaling is illegal, immoral and fattening. And, and they were saying, I don't want to operate in a gray area. After I gave my answer to the guy and he said, Well, I don't want to operate in a gray area. Well, I was like, what the nobody's saying to operate in a gray area, So I'm going to tell you and I've done probably six or seven podcasts on this, but I'm going to bring it up again because it's important. And every few months it rears its ugly head and is, you know, there's some kind of controversy or something. It's something goes viral on Facebook or bigger pockets about how wholesaling is illegal, immoral and fattening. So in fact, if you just go to my podcast website, Real Estate Investing Mastery dot com and look for the word fattening, you might find a few episodes where I don't know if it's in the title or not, but it's always been my kind of thing. And listen, this is nothing new. This has been going on since I got started in real estate in 2006.

Joe: So let me say this. The question that comes up or the thing is like how you can't wholesale without a license. Illinois has made it illegal. Florida has this code that says you can't wholesale without or sign contracts or do options without a license and all this stuff. And people go in hysterics and hyperventilate. And listen, I want to tell you something, guys.

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Calm down. Take a deep breath. Nothing is new. This has been going on for a long time. And what we teach, what I teach, at least, and what I do is totally aboveboard. We're not trying to trick the system. We're not trying to get around the rules. We're not trying to like, you know, if a what's that saying goes? If it smells like a duck, looks like a duck and quacks like a duck, it's a duck or whatever. So but the thing is, you can't wholesale without a license. Well, here, here's the truth. And this is in all of the courses I've taught, this has been front and center at the very beginning. I talk about that any time you are brokering real estate where you bring a buyer and the seller together for a fee that is brokering and you need a fee for that, you need a license for that. Anytime you bring a buyer and the seller together or bring a deal to a buyer, bring a deal, get, you know, bring a deal from a seller to a buyer and you're getting a paid a fee that's a licensed activity, that's brokering activity. You need a license to do that. And some states, like Illinois have toughened the law or clarified it even more to make sure it's even more clear. And you could argue this until you're blue in the face in front of a real estate commission, and you will never win that argument. You'll never win that, you know, like it's contractual law or like I can assign a contract. All right, So here's what you do. Keep this real simple. Oh, yeah. Let me let me get some context. So the question was from this particular student, I don't have enough room in the deal to pay a realtor. So the way I teach it is you should always use realtors to sell your deals for you. Number one, it's how you avoid this whole licensing, brokering, wholesaling without a license issue is to use realtors. Hello. Okay, fine. Become a realtor or use realtors. That's number one. But the particular person said, I don't have enough profit margin in the deal to pay a realtor. And my first response was, then you're then you're offering way too much. You're offering way too much. You should have enough room in your deals where you are still paying a realtor their commissions, whatever it is, and you're still making a minimum $10,000 profit. That's your goal. That's what you're shooting for when you are quote unquote, wholesaling deals, right?

Joe: So and then the other thing that he said was, well, these properties are too they're too low priced. So I guess if you're trying to sell a deal for $5,000, if you wanted to make a negative, I mean, if you wanted to make ten grand on the deal and pay a realtor, you'd have to be like -$7,000. The seller would have to pay you to buy their house or a vacant lot. Does that make sense? So number one is stay away from those areas. Don't be marketing and making offers in the areas where you're selling vacant lots for $5,000. Of course, there's not enough room to pay a realtor in them. And second, when you are making your offers, make sure you have enough room to pay a realtor their commissions. The other thing is you can't guys, listen. You cannot afford not to have a realtor sell your deals. Why would you use a realtor? Why should I have to spend real money on a realtor? Because it pays for itself and you're going to get a higher price when you sell it with a realtor because they're going to get it on the MLS, which is going to get you in front of more people so they can charge a

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higher price. You can get a higher price for it by putting it on the MLS and you must sell them faster because they're on the MLS. So listed with a realtor and then you'll do more deals. It pays for itself, you understand? And the other thing you got to remember is you can yeah, you don't pay a realtor until you get paid, so it really doesn't cost you anything. And the last thing you want to be doing is taking a bunch of calls from a bunch of buyers asking questions about the property and when you can have a realtor do all of that for you. So does that make sense? What I'm saying don't make this so difficult. It's really not that hard. It's easy. We should be looking to work with realtors. Realtors can bring us deals, Realtors can bring us buyers. So let's work with realtors. I think whether you're doing houses or vacant land, you should be listing all of your properties with the realtor. That's all the real estate Commission wants, which, by the way, is filled with realtors. It's a narc. What do you call it? A cartel? Yes, it's a cartel. It is. It's a it's all these people that are making these rules. Oh, by the way, they're realtors themselves. They're trying to protect their monopoly on the real estate industry. So. But whatever, right? It's not. You can go fight it and you're not going to win. So it's almost like just join them or go do something else. There are a lot of advantages and benefits to the licensed realtor monopoly cartel. There's a lot of it. You know, it does do a lot of things to protect people. But you know, what I get frustrated with is when they care more about protecting their commissions and when most of the contract is there to protect the realtor and the broker. Yeah, whatever.

Joe: So here's the thing, though. When you are buying, when you're making an offer, you're talking to a seller to buy their property or to buy their vacant land. Their house, whatever. You have to fully disclose everything, whether you're an agent or not. You should always be disclosing who you are, what you're doing, what your intent of the deal is, and when. When we come into a deal, you have to have two things. Number one, the intent. And number two, the means to buy the property. You've got to have the intent, which means you, one, need to go into that deal where I am the buyer, I am going to be buying this property for my own investment purposes. You have to have the intent to buy it and close on it and the means to close it, which means you have to have access to the money. Doesn't mean you have to have the money in your bank account. It's you have access to the money through maybe a hard money lender, a private moneylender, a bank account, a credit card or something. You've got to have the means to close on the deal. It doesn't have to be your money. It can be other people's money, opium, whatever you want to call it. And when you have that, that's cool, because now you're coming into a deal with the intent and the means to buy it. You're going to close on it. Now you have a contingency, of course, right? With houses, you get a couple of weeks inspection contingency With land, we have three months. The way I do it, to verify taxes, title and value, so you can back out of the contract during your inspection contingency or whatever you want to call it, due diligence. You can back out if it's not a good deal. But after that time, yeah, you need to be. You better be

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willing and able to close on it. Well, what if I don't have any money? Joe, this is. You've got to find it. Then it's not that hard. It's there. It's there for you to take there when you get a good deal under contract. You can partner with a cash buyer. You can partner with hard money lenders. What if you just did this? You find a deal, whether it's. Let's talk about houses here, you find a good deal. You send it to a hard money lender and say, Listen, I think I got a good deal here. If you can bring me a buyer, I will. I'll pay you an extra $5,000 assignment fee or something like that. And then that hard money lender now is your financial backing, is your financial partner. They can send it out to their buyers list, the guys that they know that are looking for deals in that area. And yeah, you can pay that hard money lender, a lot of money if they bring you a buyer. But here's the thing about this now, if that that hard money lender will probably tell you early on, you know what, that's not a good deal. I don't have anybody that would buy that. It's not in a good area or in that area. You need to be this and that. So now you got to hard money that looks a hard money lender that looks at the deal and says, Yeah, you know what? I'll do that deal. That's a good one. Now, when you're pushing that deal out there, you can say, Hey, I already have a hard money lender that's willing to lend on this deal. And here are the terms. Here are what they are willing to lend on, etc. That's going to make you is it easier to sell your deal? And there you have the money behind you to close on the deal. When it comes to vacant land, there's vacant land funding companies that will fund your deals and you'll know within a couple of weeks, within a month at the most, whether a funding company will fund your deal or not. So anyway, you've got to have the means, you've got to have the intent.

Joe: Does that all make sense? Wholesaling is not illegal, immoral or fattening. There is no state anywhere in the union that says you cannot buy a property for your own purposes, your investments or your own use. Without a license, you don't have to have a license to buy your own property. And nowhere does it say that you have to have a real estate license to sell your own properties. That makes sense. Nowhere. Not even in Illinois, not in Florida. Nothing. Nowhere. So all the other thing I told this guy is he said he couldn't find any realtors that would help him list his properties. Well, I don't know what to tell you. We have we've done lots of deals in Florida, and I have lots of friends who've done lots of deals in Florida. There's a lot of wholesalers out there that are doing deals. I was just having a mastermind with some friends in Saint Louis that are wholesalers doing a lot of deals. They list all of their properties before they own them on the MLS. So it can be done, it can be done many times. It's different everywhere, but sometimes you're just a you know, you're listed as an owner by contract when you sell the deal. We hire realtors and we tell them, Listen, I've got this property. I'm working on closing it and buying it and I want to pay you commissions. But when I turn around and flip it, I'm either going to sell it for cash or I'm going to sell it with owner financing. I need a realtor to help me. And I'll pay you commissions. I'll pay you commissions on the buy side and the sell side or whatever. It's all

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negotiable. You work it out with them. If there's paperwork, they'll help you fill it out and figure it out. So yeah, we've listed properties on the MLS that we don't own yet and there's ways to do that. You just might have to get the seller to sign something. You might have to. It's something that's designated on the MLS or whatever, but the fact is we're going to close on it and buy it before we turn around and sell it. And if a real touch of a realtor tells you you can't do that, then find another realtor. Maybe they can't. That maybe that's their broker's rules, that they can't do that. So anyway, you've got don't take no for an answer. And I did a podcast a few months ago and something along the lines of if I listen to everybody that told me, you can't do it, then I don't know. The podcast was, Don't tell me I can't do it. You should go listen to that. That was a good one.

Joe: All right. That's it for now. I think I made my point. Right. Go out there, make it happen. You know, let people tell you you can't do things right. Just find the right way to do it and you will have much success in this business. All right, guys, that's it. Take care, everybody. Hey, if you want more information on how to flip vacant land, go get my contract for free. It's simple land contract dot com, simple land contract dot com and on that contract you'll see on there where the seller signs a section that allows me to list and advertise or market the property on the MLS before I close on it. Cool, that's it. We'll see you guys. Bye.

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