



1234 – Busting the Top Myths of Land Investing

Hosted by: Joe McCall

Joe: Hey, good morning. Welcome. This is Joe, REI in your car. Today's little podcast, I'm going to be talking about the great myths that come along with land investing, and I'm going to try my best to obliterate these myths. Okay. Well, just real quick, I'm on my way to our second implementation workshop. I love doing these things. Gavin is my coaching business partner. He'll fly out here to St Louis. We spend two days with about ten or 12 students and we just deep dive into their business. We set up their systems, we give them leads, and then we spend these two days evaluating deals, talking to sellers, making offers, talking to realtors, finding buyers, just like doing the work. Because a lot of us guys, you know, you already know what you need to do. It's all in your head. You know what? You have the course, but you just need some. You need to take some steps. You need to take some massive action and just get out there and start implementing it and doing it right and have a safe place to do it in where it's okay to make mistakes. Let's evaluate some deals together. Let's make some offers together. So we have students coming literally from all over the world to these little implementation workshops. We do them about once every one or two months. So if you want more information about the next one, just go to Joe McCall dot com slash workshop Joe McCall dot com slash workshop and if that website still has the old dates as I'm recording this right now. But if you want to get more information on the next one, send an email to Andy at REI network dot com believe that's his email Andy at REI network dot com or also just send it to Andy at Joe McCall dot com. And I don't know our emails just support at Joe McCall dot com. I know that's a good one. Support at Joe McCall dot com. And we'll get you more information on the next implementation workshop we do.

Joe: All right. So what are these myths? What are some of the big myths that people have about real estate investing? And let me share them with you. Okay. Number one, you need a bunch of money to get started, which is just not true. You do not need a bunch of money to get started in real estate, period. But especially with land, because these properties are buying them for so cheap. Now I'm. Sounds like I'm contradicting myself. What is it, Joe? I mean, do you need a little bit of money or do you need no money? What is it? Well, when we buy our land deals and by the way, just in the last week, we have closed and netted net profit about \$54,000 on four or five deals that we've closed in the last week. Like, that's not like we received \$50,000 in revenue. Right. That's like net profits after our acquisition costs are private investor costs, all that stuff. So I know what I'm talking about. Maybe. I mean, we've we're doing deals today and. Well, what do I mean when you don't need any money? We use private investors money. So we put. But here's the cool thing, guys. We're buying



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this land at 25 to \$0.35 on the dollar at the most, maybe 35, \$0.40 on the dollar, depending on the area. So we're buying these properties for really, really cheap when we borrow private money. And it's very easy to print off to find private money when you have a good deal. One maximum loan to value the most amount, that money of money that we're borrowing is 50%. Okay. When you pay a private investor 10 to 12% on their money and it's a 50% loan to value, so they're protected with 50 at least minimum 50% equity. Do you think it would be hard to find OPM, other people's money for these land deals? No, they're not. So when you buy land, you can do assignments. Two of these four or five deals that we just did recently were assignments. We didn't even close on them. So you can do when you can do assignments on vacant land deals. Most of them, though, we actually will get the private money and close on them. Either I'll buy them with our own money or we will use a private investors money. And I'm okay with paying 10 to 12% on money that we only hold for a few months. Why? Because it's not the cost of capital that matters. It's the velocity of capital. It's the speed of capital. It's the you need to make sure you have it available when it's when you need it, when it's available. A lot of times your money's going to be tied up in a bunch of deals that you're selling with owner financing. Now, our goal is to get your money back within a year or less when you sell it with owner financing to get 100% cash on cash return. All right. So, yeah, it does take money to buy these deals, but it doesn't have to be yours, number one. And number two, it can be a private investors money. So it doesn't have to be money that you. Dang it, This thing isn't working. It doesn't have to be. Your money is what I'm trying to say. And you can get these deals under contract and just assign them. Cool. All right.

Joe:

The other myth is you've got to do something to the land that you do in order to sell it. Because we know we think houses. Right? Well, I got to fix it up. I got to clean it out or whatever. But you don't do anything to vacant land. You can if you want. There's a lot of people out there that will do entitlements. Maybe they'll clear out some brush, they'll subdivide it, they'll build a road or something like that. There's certainly a place to do that, but not when you're just getting started as a beginner. Don't worry, you don't need to do anything to the land. You don't need to ever go visit it or see it or do anything to it. And we just sell raw vacant land just like it is. And it kind of relates to some other myths here that I've got. And by the way, these aren't in any particular order. I'm kind of writing down some notes for a YouTube video that I want to do. The other big myth is you can't get cash flow from land so false. You can get cash flow from land. In fact, because banks do not lend on these little vacant lots that we buy and sell, we are typically doing little quarter acre vacant lots, infill lots and areas where there's a lot of new home construction. And we're buying these things for five or ten grand, selling them for 25 to 30 grand. Banks just don't lend on these little deals like this, right? We also do five, ten, 20 acres, vacant lots and the hills in different states. And these are just recreational lots where people buy land to go camping



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right there. Four wheelers go hunting, just get off the grid. Tiny cabin, glamping. You know, like have you ever heard of hip camp? They do these kinds of things. So this the banks to Olin. And so what do we do? We sell them with owner financing. And for every one call that we get from a cash buyer wanting to buy our land, we get four or five back calls from buyers asking, Can I do owner financing? So when you offer owner financing, you get a lot more calls and you sell them a lot faster and we get very, very good payments. Our default rate is really low on vacant land. But here's a cool thing. Guys like you buy a lot for five grand, right? Let's say you're borrowing private money. What's your payment on a \$5,000 loan? Maybe 100, 200 bucks a month. That's it, right? And when you are we cash flow on average, about \$300, 3 to \$500 and each of our vacant lots. So if you're when you use your own money, obviously you own this asset free and clear, no debt. But if you are borrowing private money while your payments are very, very small. So when and if a buyer defaults. Right. It's not a big deal. You just go find another buyer. You don't have to evict them. You don't have to do anything to the property to clean it up and get it ready to rent or to somebody else. And because we sell these things so quickly, it's very, very easy to find more buyers. So these cash flow, these deals, these vacant lots, cash flow really quickly and very easily. Okay.

Joe:

It's hard to sell vacant land is another myth. It's not it's not hard to sell vacant land. And why? Because we are wholesalers. We price them very, very aggressively. So when we buy a deal, we always look at, okay, what could we sell it for and what could we sell it quickly for? So if we see a bunch of vacant lots similar in the area, first of all, by the way, our vacant lots are easy to sell because we only buy vacant land in areas where there is already a lot of activity. So this is very important, understands foundational to everything. You want to make sure you're only doing vacant land in hot markets where there's a lot of recent sold in the last 90 days which is. Very easy to find on Zillow and Redfin. Right. So you find those areas where there's a lot of activity. And then when you get a seller that says, yeah, I want to sell my lot and we're sending them an offer we always look at, okay, in this area and this pocket here. What is the land selling for? And if we see it selling for I'm just using simple numbers here, \$10,000 an acre. Well, we're going to sell ours for 80 \$500 an acre. And then we take that as our the starting point of our offer. So what I typically like to do is I take 25% or 35% of that number. So if we're seeing that vacant land is selling for it's a two acre lot and they're selling for \$20,000 for these two acre lots, I'm going to sell mine for 18,500 bucks. Just simple round numbers. And then how do I figure my offer? Well, I'm going to make an offer at 25% of that. So I'm driving. And you don't want me to get my calculator out right now. But you take 18,500 divided by four or times 25%, and that's our offer. So do you see why it's so easy to sell our properties? Number one, we're only in areas with high demand, and number two, we're selling them at huge discounts. And number three, we're buying them at huge discounts because we can. And hopefully all this



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breakfast places it open. Yeah, cool. It's open. All right. I'm meeting Gavin for breakfast before the workshop here so we can sell our land really, really cheap because number one and quickly because we're offering creative financing terms and because we're selling it so cheap. Yeah, we just were stacking the cards in our favor. It's really simple. It's not that complicated. Another myth. No one would ever take your offer. 25, \$0.35 on the dollar. Like who? What's seller in their right mind would ever sell their property for so cheap? Well, this is the same question and argument people have with houses. And why would any seller want to sell you their house at 60 \$0.70 on the dollar? That's ridiculous. It must be illegal, immoral and fattening. And if any seller would do that, it must be. It must be a scam. I heard that. I've heard that for years and years and years. It's just stupid. It's just not true. There's people out there who inherit this vacant land. They don't want it anymore. They don't care about it anymore, and they just want to get rid of it. It's like the same reason why somebody would sell a treadmill they bought for \$3,000 two years ago, why they would sell it for \$100 at a garage sale. You know, every time they walk past it, it reminds them of how fat they are. And they've used it once in the last three years. It just collects laundry and their wives ticked at them forever buying it in the first place, like they just get rid of this thing and I'll pay somebody to get rid of it. That's. So there's sellers out there. We buy deals from motivated sellers. Now, of course, a non motivated seller is never going to sell their property to us at 25 \$0.35 on the dollar. But some sellers will and we find we get one out of 25, one out of 30 offers accepted. So I don't know if you don't believe that any seller would sell their property at 25, \$0.35 on the dollar. That's fine. Go ahead and keep on believing that. You're right. It doesn't work. I will just let's let me have all of the deals then. Let my students have all the deals. You're right. It doesn't work. Wink, wink. All right. Who would ever buy this land? Why would somebody buy cheap, rural, recreational, vacant land out in the middle of nowhere? This sounds stupid. Who would ever buy this thing? Well, lots of people. Campers, people want to go hunting, ride their four wheelers, Just get off the grid. They want a place to go hide their guns when the government comes to force them to take the jab. You know, like prepper survivalists, you know, people out there that just want to own an asset. You know, some of the biggest private landowners in the United States are the world's wealthiest people like Bill Gates, Warren Buffett. They own each of them like 200 and something thousand acres, each of them. So a lot of wealthy people will put their money in vacant land just as a place to keep it safe because it's an indestructible asset. God's not making any more of it. So a lot of people buy vacant land or wealthy rich people, poor people who just want some dirt for cheap where they can ride their four wheelers and go hunting and go camping. A neighbor that just wants to buy that lot next to them so that nobody else will build on it, right? Yeah. Lots of people buy vacant land. Lots of people.



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Joe:

Let's see what else. You've got to have a lot of time in the business. Well, I don't think so. I spend maybe 5 hours a week in the business. I outsource my marketing, I outsource or acquisitions I outsource or selling, and I partner with people on deals so you don't have to have a lot of time. And my sons and I, we did over 150 grand in deals together, working very, very part time while they were going to school, I was doing my business. So, yeah, you can we outsource our cold calling to virtual assistants? We do our direct mail through freedom soft we. Most different people like Vas work on the leads. When they come in. We send we don't do any stuffing in envelopes and none of that. We send our offers through freedom soft, and then we use realtors to sell our deals and we have lots of room in there to pay realtors to do all the work. And the cool thing is, you only pay realtors if and when they bring you a buyer. It makes sense. All right, let's see what else you've got to talk to a lot of sellers. Now, we don't actually talk to any sellers because we send a letter or a postcard that sends them to a voice mail. We listen to the voice mail a couple of times a week and we tell them on the voice mail, Hey, thanks for calling. Leave your reference ID on that letter and we'll send you an offer in a couple of days. That's like no sense of urgency needed because it's not unlike houses where you have to drop everything and go meet the seller in person. And because there's 20 other investors on them that, you know, they're farming out your bids or your offer out to a bunch of other real estate investors or whatever, you don't have realtors competing for these listings, these vacant lots. So it's like there's not much competition, so we don't have to talk to sellers. Now, you will always close more deals when you talk to sellers, but we're just saying you don't have to. Another myth, it's complicated. It's actually not. It's so ridiculously simple. And I'm not knocking my boys, but my teenagers can do it right. And they have done it. So they're smart kids. Obviously, they're mine, Right. You know, But they're amazing. But yeah, I've have lots of stories of of other friends of mine and students that are doing these deals with their kids. That's why I got into vacant land, because it's so much simpler than houses. Way easier to do. All right. Final myth. I got more here, but I got to get going. There's a lot of rules and regulations. Well, just like with any real estate, of course, there are some rules and regulations, but it's not as bad as you think. And in many ways, it's a lot simpler than houses. You don't have to deal with inspectors, realtors, counties have. It's important that, you know, zoning restrictions and things like that. But there's not. It's just vacant land. It's just dirt. Right. What do you inspect on dirt? You have to make sure it's not in a floodplain. Maybe it's not in a wetland. The land isn't landlocked. You got to make sure it's not on a waste toxic waste dump. What else? Like, there are rules and regulations, but when you compare it to houses, when you compare it to multi families, and especially when you're dealing with banks and everything that they have to meet, all the hoops they make you jump through, there's not much that you need to worry about here. Okay. Anything else here? I'm just looking at my notes. This land generate income and cash flow. Yes, land generates lots of cash flow. The another myth is you have to buy properties near where



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you live so you can dry out, drive out there and go see it and inspect it for yourself. Nope. All of my deals virtual with do deals in about six different states and we never go look at the property. We do send somebody to go take pictures of the property. We make them. We find people who take pictures with drones and stuff like that, and we never go inspect the property. Anything else here? Oh, yeah. The only properties that you can buy are the ones that are listed for sale. Oh, my gosh. No, no, no, no, no. We buy all of our properties off market. We go direct to seller, and that's why there's very little competition because nobody's doing what we're doing relatively. When you compare it to two houses, that's it.

Joe:

Okay, cool. Appreciate you guys. Listen, we're going to a meeting with Gavin right now. He just pulled in. I'm so hungry, man. I'm starving. If you want to come to our next workshop, please go to Joe McCall dot com slash workshop, Joe McCall dot com slash workshop. I'd love to hang out with you. Today is going to be such a good day. We're going to get on the phone. We're going to call realtors and buyers and sellers. We're going to make a bunch of offers. My goal is to get a deal under contract today or tomorrow, and we're just going to we're just going to do it, man. Why not? Right? What are we sitting around waiting, picking our noses for? There's so much money to be made out there. There's no excuse. You have no excuse. You're sitting here. Listen to this podcast. How many offers have you made today, huh? How many offers have you made in the last week? That's all that matters, right? So get out there, make some offers and make some money. See you guys, appreciate you. Bye bye.