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1291 – How To Be Profitable in 2024

Hosted by: Joe McCall

Joe:

Hey, guys, what's going on? Joe McCall. Hope you're doing well. This is a quick little voice intro to this podcast that I want to release for you guys. This was a coaching call I did today and I thought it was really good. Here's the thing that I thought why this would be so important to release to you guys as a as a podcast, because the market is changing, right? And you kind of already know that or you've heard rumors about it and stuff, but it like seriously is changing and there are some really, really important things you need to understand and you need to have in place for you to be profitable in 2024 going forward. Okay. For simple things like, well, I mean, there's just so many changes going on. The market is shifting, sellers are becoming more motivated, buyers are becoming more picky, Private investors are getting more cautious with lending their money. You just have to button things up. I mean, in the last couple of years, you can get away with stupid things. And I'd say for the last five years, you know, anybody can make money in this market and idiot could. But things are changing now and it's important that you learn to shift with it and you learn to be more conservative in your offers. So when you're looking at, well, I'm not I'm not going to just tell you what I said already in the coaching call because you're gonna hear it in a minute. So I hope you enjoy this coaching call. It is a was a zoom call. So the audio may not be as best you know and I may be showing some things so just bear with me there because there's a lot of really good gold nuggets in here. And I want you this is your homework assignment after you listen to this, okay? I want you to write down five different rules that you are going to refuse to break in your land investing or in your investing business, whether you're doing houses or vacant land, it doesn't matter. You need to have like five rules that you will not compromise on when you are making offers on deals, when you're lending money, on deals, when you're buying deals, when you're selling deals like these are the non-negotiables that you need to have written down in very, very, very clear in your mind when you are doing land or deals. Because like, if you don't understand this stuff, if you just kind of forget about it and you don't care too much about it, you're going get in trouble. And if you're not careful, you're going to become the motivated buyer and you're going to be chasing bad deals and you're going to become, you know, when you try to chase sellers and you become desperate, it really hurts your sales. And when you are in a place where you're trying to turn lemons into lemonade, trying to be just so desperate for a deal, you're willing to compromise a little bit on these things, you're going to get screwed. And it never you'll never win when you do that. You used to maybe be able to get away with that before, you know, when wholesalers were getting used to 25, \$35,000 wholesale fees. Those days are you know you're still make that once in a while but



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like it's not it's going to be it's not going to be as common as it was before. All right. So enjoy this coaching call, guys. Have a good one. If you're interested in working with me and you want to get more information about how to flip vacant land, I've got a cool little document bundle for you where you can get some contracts that I have and some letters that I use. If you go to vacant land docs dot com, vacant land docs dot com. I got a free goodie there for you and get my contracts and my letters and they'll be a special invitation to join a class where I teach you how to use all that stuff and how to make money flipping vacant land. So go to vacant land docs.com and enjoy the podcast. Thanks.

Joe:

All right. So what are the wins? We sent out our first list of postcards. Nice. The list with nice. Caroline says I have a lot of agricultural land in it. Should I have kept it to residential and recreational? Caroline. I just use a standard filters that price gives me. And when I'm Max, like ten acres or 20 acres, I'm avoiding usually 99% of the time the big agricultural land, that's 100 acres or more, right? So depending on which county you're in, like if you're pulling land, if you're pulling lists out of a state like Iowa or Nebraska, going to be much different than pulling land lists from Florida or into South Carolina or Georgia or whatever. So, yeah, Dave's got six contracts signed. Awesome. Way to go, Dave. Good job, Mike. Awesome. I put a deal under contract to sell within 24 hours of listing it. Way to go, Mike. All of you guys, it's awesome. Ryan set up his LLC. Nice. Pulled a list I've got through two modules. Nice. Got my first list ready to do my mail. Second tentative contract. Nice. You guys are awesome. All right. Thank you, Louis. Make sure you pin that video, too, so it stays at the top. Then my first deal is on the way to closing ice. Those of you guys, please keep us updated in the Facebook group. When you do your first deal, you close it, you make some money, share your wins. It's awesome. We'd love to just celebrate with you and see your wins. Like, what are the numbers? Tell us how you got the deal, how you sold the deal, What did you buy it for? What were you all in for and then what did you sell it for? What was your profit, Your net profit? These kinds of things really encourage the people in the group. Sometimes it's easy to get discouraged, man. You know, you're doing a bunch of marketing, you're making a lot of offers, you're doing everything you're supposed to be doing. But and just like you go through these ups and downs and all of a sudden you're in a down thing and you need some encouragement. Well, when we see you guys post your wins like this, awesome. I'd love to see it. So, Ben, when you do your first deal, let us know the numbers day when you sell one or all of those six contracts. Yeah, let us know how that goes. Oh, come on. Yeah. Ben says it's not a huge deal. \$2,500, but I'll take it. That's awesome. Yes, nice. All right. So we're going to answer questions submitted in advance in the membership area. And I'm going to open that up here. If you as we go through here, if you have any questions, please type them in the chat. My VA Louis is here and well, anyway, I was going to say something, but if you guys have questions, type them in the chat. We got 11 questions here and I'll go through them sometimes if we have time, I will



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unmute you guys. So if one of you have a question and you want to be unmuted, raise your hand. Gail is here. Also, can you make her a co-host? I will do that right now. If you have a question you want us to unmute to you and talk to you. If you go to the reactions button and Zoom, you can raise your hand. All right, cool. And Louis and Gail from my team will put any questions you type in the Zoom chat in Google Doc for. So we'll answer those later. All right. I'm going to spotlight my video with Eric and Eric. You're going to help me answer questions. Is that all right?

Eric: Sure. Absolutely.

Joe: I've asked Eric to help me with these calls, and soon he might even just be doing the calls without me once in a while because it's just helpful. Especially I had a rough couple weeks from my heart recovery surgery. You know, just I just kind of used it too much and I stressed it and I pulled some muscles and it really, really hurts. Like it takes if I injure my chest, it takes like a week to recover. And it's hard to breathe just because the muscles are still like crazy. Anyway, good question there, Ajay, I'm going to go and open these questions. First one from Mike. I'd love to get your wisdom on pricing. A deal that I have in the works. I have a contract to purchase it at 15 grand and I think maybe I can sell it for 21,000. All right. What's your first reaction, Eric?

Eric: 15 and 21 is, well, it depends. I'm so used to using agents and all these things. So in my mind, the first reaction is there's probably not enough meat on the bones there to build security. And in the sensor you might have to go down on the price a little bit and then you end up making enough money or even maybe losing money. So my need to get it down a little bit.

Joe: Yeah, I've been telling people this, especially lately because the market is shifting. I've been telling a lot of people lately you guys need to be more conservative on your offers, especially as we come into this market in 24. Things are slowing down. Now, that's not a bad thing. It's not all right, I've done the wholesaling and in fact, I would argue that you can make more money in a down market than you can in an upper market. The most money I've ever made in this business, the easiest deals I've ever done were in 2000, eight, nine and ten and 12 when the market was freefalling. So a lot of people are like, I can't wait till we get back to those days. I don't know if we ever will again or not. But you can make when you're wholesaling houses, land, whatever, you can make money in any market, whatever direction it's going. And because we only follow the areas where there's already high demand, we're not looking at data from a year ago. We're looking at a data from a month ago. We know in. This county one month ago, there were a hundred different land transactions. Okay. So that's not going to change immediately, overnight. The way this



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business works, it's not like the stock market or crypto or where it changes overnight drops 20%. It does. It's like slow, way more slower and gradual. So we're only staying in markets where there's a hot demand for deals. So we always make money because we're in areas where there's a demand already. Now what? You've got to be so aggressive on your pricing when you are pricing a property, it's real simple. You take what price could you sell it for and you subtract your profit. Realtor commissions, closing costs, photography, and maybe an oops factor. And you should never be in more than 50% on a land deal. All right. So if you think a house, if you see a vacant lot, will sell for maybe 30 to \$40,000, you should price it at \$28,000. Don't just price it high and then maybe lower thinking that you'll lower the price over time. I use those numbers. Right. If you think it'll sell for 30 to 40. Price it at 28 and then subtract your numbers from there. That's what I'm saying. All right. So if this deal and looking at Mike's numbers just briefly here, if he thinks you can sell it for 21,900, well, let me open up the spreadsheet from the course and I'll tell you what I would have offered. All right. So if we would have offered 22,000, I want to make at least 7500. I'm going to pay the realtor 10%. I'm not going to use any I'm not going to pay a bonus or pay any private interest on money. I might have an whoops factor of a 5%, pay 500 for photos and 1500 for closing costs. I'm going to make an offer for 10,300. But any more like I'm shooting for ten grand on deals, right? So I might offer 7800 bucks. Definitely no more than a thousand. So, you know, you might be okay with 7500 bucks. So we offered 10,300. That's what I was suggesting here. Okay. It's got to be got to be aggressive with your pricing now. Mike says I'm working with a flat fee agent. You sent me the attached CMA, and I'm looking at that CMA, and it doesn't I don't know. It would take me too long to understand it. There's hundreds and hundreds of comps and stuff here. I'm not sure if you could send me. Okay, so here's the property here and you're selling it for 21 nine. What state is this in? Okay, I don't even know what state or county this is in. I'm sorry. I'm looking at Google Maps zooming way, way, way out. It's in Texas. Okay. Well, I just need more information. So anybody when you guys give me deals to review, there's a section in the course to submit deals and I need to know information like, don't make me work hard to try to figure this. What states and tell me this the county tell me the state. Give me the coordinates. Give me the APN. Give me what you feel like are the lowest comps. Give me your lowest active comps. You lowest sold comps. But I think honestly, Mike, you're probably in it too much. You probably, if you can maybe sell it for 21,000, \$22,000 and you have a contract to buy it for 15 and you don't have much room there, you see you're going to have closing costs to buy it, closing costs to sell it, maybe, depending on how you structure it. You've already put in some money to get some photos. It looks like maybe can hear a little bit. So. And then what are similar properties in the area selling for? I don't even know where this is, so I can't even find it on Redfin. But I want to look at what's my competition looks like in it's there's a subdivision something so what are other properties selling for what do they currently have the recently sold for? What are they currently selling for? And you got to



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make sure that you're priced aggressive, you are selling with the owner financing. So that's good. So you're going to be you're going to be selling it. You're going to have more potential buyers. But here's the deal. If you're if you're selling it with owner financing, I don't know how long it's been on the market and you've not gotten any calls yet on it. It's not a good area or you're not it's overpriced or you are not putting it in front of the right buyers. So I don't know if that's the answer you're looking for. That's what I got. Question from Joe. I'm trying to find the letter you were demonstrating on the call last time where we can make an A range like a range offer. I think the parameters are based on some time of price manipulation to get the price points. Okay. So let me share my screen here. Eric, you were talking about trying to use that range postcard, were you?

Eric: I haven't started using it yet, but that is what I'm going to start experimenting with here in the next month or two.

Joe: So if you go into the Google Drive folder for simple land flips, go into marketing, go into letters and postcards to sellers, here's a sample range postcard that we've been testing. And basically this range I get from Prycd. Prycd tells me it's worth \$30,000. I'm using. I'm just adding in two new columns into the spreadsheet that does maybe 30 to 50% of that number. And that's my low range. That's my high range. Or you can do 20 to 40% or whatever. And so you want to give this range just to kind of give them an area, an idea of where you would be at most of the times, to be honest, we need to be less than this lower range. But that's okay because I'm getting them on the phone and I'm talking to them. That's what we're doing. Downloading it from price. Price is telling me what they think it's worth, and I'm adding in two new columns. Take that number of times 30%. Take that number times 50 per. Said. I added in two new custom fields in freedom, soft for low range and high range. And then in my postcard, it looks like this. And this number is the low range field in this range. This number is a high range field.

Eric: Hey Joe, those fields in freedom soft, is anybody able to add those? Can we can I go in there and just add any field?

Joe: Let me show you how to do that because that's important. I do that a lot myself. Here's my freedom soft. So I have to go to your name. Oops. Almost logged out. Go to settings, go to Custom Fields, seller leads. And these are the sections. So I have land details here. And by the way, if you click on the pencil, you can say this only shows up when the deal type is selected to be land. But right here I created, I added two new fields price range, low price range, high. All right. So then in my templates, direct mail templates, that range postcard, which is right here. It's raw gobbledygook because it's the font is so big, but it's referencing like if I wanted to add that field right here. I don't know if I can see the dropdown, but I



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would select that new custom field I just created called Range. All right. Hope that helps. Joe Daniel. I'm looking to flip the land in Hardin County, Tennessee. It's a 25 acre lot out of the 225 acre land that the seller is willing to sell. So they're only wanting to sell 25 acres of the 225. I guess I'm attaching a map where we wanted to sell in the county record. I try to find some comps and Zillow and Redfin and even from a realtor, but not much available county assessor has it priced for 2100 an acre. The realtor I contacted told me that the selling comps are 4 to 5000 an acre. She did not send me the MLS comps. I do I do not want to jump in without knowing how much and how long it would take to sell. 25 acres has to be surveyed and it has a cost too. So please help. So why do you have to survey the 25 acre lot? I'm just curious, like, who told you that? Daniel? Because you don't have to do anything right? This Daniel on this call. I don't see him. You don't have to do anything. You don't have to do a survey. You don't have to do a protest. You don't have to do an environmental study. You don't have to subdivide or in title or anything. But, you know, I'm guessing a 25 acre lot is going to be harder to get comps on in this area because there's just not a lot of properties that big that is sold recently. So I'm looking for the address or an APM number or something and we'll pull it up. I'm having a hard time finding anything about where the property is, so let's just look, I'm going to share my screen here. Let's just go to Redfin and let's go to Harding County, Tennessee. Probably not a very big county. And where is it? Right? Let's look at land. Let's look at those two. Go to filters. Let's do lot size 10 to 40 acres and let's switch to I'm just looking at what's for sale and pending. And it just depends on where it is. Like if it's on this lake, it's going to be worth more if it's up here kind of in the sticks, maybe not. So I'm sorting now from low to high and I'm looking. I'm just going to I would do a couple of things, I guess I would say here's I would I would look to see what Prycd will give you some good comps that you might want to look at. But just going here to Redfin, these are active listings. Let me sort this from high to low and I'm going to eliminate anything above \$300,000. Okay. Why would I do that? Because I want to I'm going to use this pebble scraper tool to give me the average price per acre. So I've kind of filtered I have tended 40 acres and I'm looking at everything under 300 grand in this entire county. There's 23 of them here. And I'm going to do the Pebble scraper tool where I have the median price per acre of 5000, 868 and the average of 6900. I always go with the lower one, so that's active. Sometimes what I'll do is I'll eliminate the outliers, like maybe I'll eliminate the 14,000, 10,000, 19,000, eliminate the zero. All right. So now I'm more at like 5300, and then I'm going to go here and switch to salt. All right? There are some few sold. And then what's weird is sometimes they show me little icons that are outside of the county. Six months. Let's look back in the last six months. 15 properties. All right, so then let's do that pebble scraper thing again. It's looking for any outliers. Must remove the real. Let's remove the zero. All right. That's interesting. Sold pretty close to sold 45, 61 an acre. I'm looking at median and average. I just go with the lower one. All right. So then Daniel says the realtor says the selling comps are between 45,000 an acre. And I think he's right.



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Well, okay, here's an important question, Daniel. Have you talked to the seller yet? And what's the lease they're willing to sell it for? Because what if we decide, you know what, I'm going to offer 20 an acre, but the seller is willing to sell it for a thousand an acre, or the seller just may not know. And the seller may say, Well, I don't know. And then you can say, Well, you're willing to offer three grand an acre, but the county assessor's at 2100 an acre. So you say, well, what if I just offer you whatever the county assessor's value is that be okay? And you know, that's maybe a good number. I don't know. So. Let's look at the spreadsheet, though, now. Do I want to share my screen again? This is my spreadsheet and I'm in this tab here called Simple Offer Account. This is the value based on actors and sold comps. So if my active are 5300 an acre and it's 25 acres, comps based on active listings is maybe 132 and I usually discount active listings 15%, so maybe it's worth 112 if my sold comps 4561 it's worth maybe 114. So the value of the property based on actives is, you know, maybe 113,000 is what I'm going to sell it for. I put that number in here and this is where, you know, you want to make a minimum \$10,000 profit, but on a bigger, more expensive property. Yeah, maybe you want to make a 20 grand profit on this one. You're not going to pay a realtor 10%, maybe 8%. I might give them \$1,000 bonus if they bring me a buyer that closes in 30 days. Are you going to close on this in 30, 90 days, or are you going to have to buy it? Close it. Close on it early? Here's the other thing I was going to say. You've got to be more careful with as we come into the market shifting like this, you've got to stand pretty strong on your 90 days closed and not be willing to compromise that unless, you know you have a smoking hot deal. And the bigger, more expensive deals, you're going to need to make sure you have more time to close because there's fewer buyers that will buy them. Right. So are you going to use private money on this deal? Something you got to think about. And so you got to figure if I am going to use private money, I'm going to hold it for six months. How much is that going to cost me if you offered? Well, let's look at the numbers here. Let's figure the private money in a minute. I'm figuring out whoops, factor of 5%. I'm going to spend 1500 in photos, maybe less to 507 50, 220 closing costs. All right. So this tells me if I'm not using any private money, that I can make an offer at 80,000, which is about 71% of what I'm going to listed for, maybe. But again, what's our rule? 50%. So I might offer 56. That's probably what I would do. 56 Okay. Let me look at the notes here. Daniel, I want to know what you think. That's what I would offer. But again, it doesn't matter what I think. I want to know what the seller wants for that property. If the seller maybe the seller tells you, you know, the county has it assessed for 2150 an acre, so equals 21, 50 times 25. So the county has it assessed for 53,000, 750. What if you said to the seller, What if I just pay you whatever it's assessed? Or if they don't know or they say, just make an offer, tell them I'll give it to you for what it's assessed for. But now you've got to look at again. All right, well, can I really sell it for 113? Looking at Redfin here, let's look at actives now. Yeah, this is 25 acres. Can you sell that property for one 1313 thousand? Looking at it, what else is available? Ten acres. Ten acres. 16 acres. 70 grand. 17 acres, 89.



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Here's a similar property right here. So if you're selling yours. 413, why would they want to buy yours instead of this one? 415 How long is this? Want to bid on the market? 91 days. Three months? Maybe. This is a good property. I've got some nice photos in there. Maybe a pole building or something. A pole barn. You know what I'm thinking? I'm thinking, all right, I'm going to list it for 97,500 and I'm going to make a net \$15,000 wholesale profit on this thing. 20,000. I'm going to pay a realtor 8%. Well, if you pay the realtor 10%, you think you'd get a realtor interested in helping you on this property to get a \$9,700 commission and you give them \$1,000 bonus and they can sell it in 30 days. All right. So, yeah, I would offer around 50 grand. That's what I would do. You have any thoughts on that, Eric?

Eric: No, that's really what I'm saying too. I think. I like that you looked at the active listings because I think one thing to note is, of course it's 25 acres, but if somebody's got a 20 acre lot, keep that in mind too, right? I mean, I know five acres is significant, but once you get up to the 2025 acre portion, if there's a 20 acre lot for 85,000, then you've got to sort of compete with that one too as well. So and then the days on the market price, I liked how you clicked on that one. That was 25 acres because it's, you know, 90 days on the market and still hasn't sold. Something tells me that's probably priced a little high too.

Joe: This ten, 15 acre lot is your competition as well. You want to sell your property quick, right? So if they if a buyer is looking at yours, it's 25 acres and you're selling it for 97,000 next to a 15 acre that they're selling for 95, it makes your property look that much better. Your goal is to sell these things in 1 or 2 months. One final thing I'll say with this, too, is when you start getting into the bigger properties, the more expensive properties, and this is your first deal, you've never done land before. You might seriously consider working with a land funding company to fund the deal and partner with you on it. Guys, I've recommended for a long, long time and they only want to do bigger deals is Freedom Land Capital, Travis King I've interviewed him a couple of times and you can go in through here and you can submit deals, submit a deal, and there's a form here that you can fill out. They're going to want to know that you have a contract signed with the seller and they're going to want to know a bunch of information and. Eventually you're going to want to know. They're going to they're going to want to get different price opinions of value from realtors. And there is a they explain everything, how it works. And there's some kind of calculator and here's a tool. So let's say this is how they work their properties, how they make money. So we're buying it for, let's say, 48, 750. Okay. Purchase price 48 750. Estimated sale price 97,500. Realtor Commission 10%. Closing cost two grand. So they do 7030 split. However, they make more than 30% because they take you'll see right here. So if you sell it for 97 five closing cost a thousand commissions that sale proceeds 86 purchase for this, they take a 20% fee right off the top. So that's more 5050 split. So but the profit is this and you get 70% of the profit. You get \$19,000 net profit at the end of the day. But the cool thing is Freedom



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Land Capital puts in the money, they close on it right away and then they hire a realtor to sell it and they're okay with because they've already put the money into it. They want to sell it as quick as possible, but you know, they'll sell it and try to, you know, they're okay with letting it sit out there for three, six months or whatever. Okay, Check those guys out. If you ever used one of these bigger funding companies.

Eric: Freedom Land Capital actually moved forward about three quarters of the way through the process. And then I ended up finding a buyer anyways on my side. So they're actually great to work with. And then in that sense too as well, they were the ones that chose like, Hey, just take on your own. But they were great to work with. That was right. Initially, I think it was like one of my first deals. I worked with them.

Joe: How big of a deal was it?

Eric: It was a smaller deal. It was two lots, probably about four acres total. I don't remember the exact numbers, though. I think they were I think I was going to end up taking away about 9000.

Joe: Most of these guys, they want a minimum value of maybe 30 grand. Yeah, right. When you're selling it, they wanted you to sell it for at least 30 grand. And a big rule of thumb as you get, you can't be in any more than 50% of that. Now, when you get into like 300, 400, 500 grand, maybe that rule can bend a little bit. But here's a great thing about working with companies like funding companies like this is if they will not fund your deal, it's probably not a good deal. And you know, you go back to the seller, renegotiate a lower price or cancel the contract. Now that, you know, you have guys like this with a lot of money behind you, you might be able to go back to that seller, Daniel, and try to make an offer on all 225 acres. All right. Hope that helps write this down. I did a podcast about this and I'm going to do a video YouTube video about it soon, but you need to have some minimum criteria and Eric to be good. If you tell me your minimum criteria and when you're looking at a deal, avoid becoming the motivated buyer where you're just so hungry for a deal, you start compromising on your minimum standards of what is a good deal or not. You might give the seller the price that they want. Just because you're so hungry for a deal, you might stretch what you feel like the property is worth a little bit. You might be willing to take 30 days instead of the normal 90 days just because you want a deal so bad. So here's my minimum criteria. Okay? Number one, three months. I want three months to close. And I think that's going to become more important as the market maybe slows down a little bit more. We're already seeing in houses prices starting to drop in some major markets and we're talking five, ten, 15% price drops from a year ago. The demand is still high, the supply is still low. You would think, well, supply demand prices are going to stay high. Now home



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sales are coming down and prices are starting to come down. Sellers are not seeing multiple offers anymore. Usually rehabs are starting to get hurt on their rehab projects. I'm talking to houses now, so things are slowing down on the house market now. Again, not worried about land because we wholesale as prices go down, guess what? Our purchase prices go down, right? As prices go down, actually more buyers come in the market and start buying these deals. And often times, two, when the economy slows down, people start looking for other assets, alternative assets to put their money in. They want to get their money out of the stock market, out of government bonds or whatever, and they want to start putting it into land because land is safer and it's more recession proof and God's not making any more of it. Right. And a lot of times, too, you get people that are in the survival prepper niche. They're wanting to find bug out land. They want to find out. They want to find land to go shoot their guns or hide their guns, as I like to say. And they're looking for protection and safety and land gives that to them. So and again, we're only targeting markets where there's a high demand. So I don't know if Hardin County that we were looking at in a minute ago is that a market with high demand? It should be because then it just becomes everything's easier that way. So my criteria number one, three months, I want minimum three months to close. Number two, I want to make ten grand minimum profit on a deal. Number three, 50% max offer. I don't want to offer more than 50% of what I think I can sell it for. Number four When I'm doing an owner financing deal, I want at least 75% cash on cash return. For me, it's just my personal preference. So I want 75%. When I put ten grand into a deal, I want to make at least 7500 back in the first year. Okay. 75% cash on cash return. And then the fifth one is I only want to do deals in cash. Counties. Let's put it this way. I only want to do deals in the top 25% of the states that are doing land deals. And I only want to do deals in the top 25% of the counties in those states where most of the lots are being bought and sold. And so that might be that's different things for different counties depending on the size. But it could be that means like when you're looking at counties, it has to have at least 100 sold in the last 30 days or 90 days. Right. That's going to be different depending on the county. But you want to stay in that top 25% of all of those counties. So if a state has 100 counties, you want to stay in the top 25%, 25 counties, and maybe that's too many. So maybe the top 25% of the top 25%, you only want to stay in those top counties where most of the activity is happening. You don't have to use my rules, but you need to have those rules and have them written down so you know, not to compromise on those. Eric, do you have any rules that you like to use?

Eric:

I'm really similar. I think the point you just made is important, though. As you guys continue to do more and more deals, you'll start to not only build your own criteria, but start to shift those criteria. Right. So Joe says that he's going to profit gross profit at least ten K. That's my goal too, as well. But that's not where I'm at right now. I'm actually about 7500. And so that's always in the back of my head as I'm negotiating.



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- Joe:** You know what, Eric? That's so good because if your target was five grand profit, you'd be averaging three grand. So I'd shoot for ten and dang it, 7500 is still good, that's for sure. Yeah.
- Eric:** Yeah. But I think it's. It's good to like I said, you kind of have an idea of where you're at and I can go into in the analytics piece, I don't need to, but there's two major portions to what drives your business. One is just the cost, the expenses, and you have some control over that. But you know, marketing and things is that's expensive. That's a big piece of the cost of your whole business. The other thing that you have direct control over is that average price and that average gross profit per contract. And it's crazy. If you could get an extra thousand, \$2,000 from each seller you talk to, like if you're going to get in on the contract for 7500 and you somehow talk them down to 6500, if you do that consistently, every single deal that massively changes your numbers, right, your average.
- Joe:** For all your marketing, 100% right, which will then get you another ten deals that you're.
- Eric:** Exactly right and on lot of sellers are not going to balk at going down an extra thousand dollars from your original offer, especially if you've got something to tell them. Hey, look, road access isn't the greatest or whatever. But yeah, as far as the criteria go, I'm definitely in the same boat the 90 days. I definitely don't want to go below that. This time of year you're finding sellers who are saying, Hey, if you can close by the end of the year, I'll give you that price. And I will say that I have and I'm doing that, but I'm getting it out of what I believe a really massive discount. And I still tell them like, look, that's my intent, but I don't have total control over the title company. So there could be there could be an issue that comes up and we may go into January. And I just want to be transparent with them. But otherwise.
- Joe:** 90 days I just thought of another rule. And this comes this is a holdover from houses, multiple exits. Okay. What does that mean? So if you buy it and you can't sell it for cash and you sell it for owner financing and get payments, right. Make at least 25, 50% in your money, which is really good. Okay. So you need to have multiple exits. If you can't sell it for cash, can you sell it with owner financing? If you buy it, if you actually close on it, can you buy? I wanted to share this too. Let's see if I can get this in my because I got this from John Cochrane. I don't know if you guys know who John Cochrane is, kind of an Internet marketing guy. Yes. I'm going to try to share my screen here. I don't know if it will let. Okay, yeah, let's do this. I'm going to screenshot this and give you guys. All right, So look in the Zoom chat. Now this is for houses. That's screenshot one and then here's screenshot two. All right, now I'm going to share my screen so you can see we can see what we're looking at



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together here. John Cochrane's a house guy, does a lot of deals. You used to be friends. I mean, not that we're not that we're not friends anymore, but I haven't talked to him in a long time, probably five, six years. So he's been seeing a lot of changes in the residential market. And these are some of the things that he's saying that you need to be doing if you want to survive and profit. And in the next in 2024. Okay. Buyers are now in control and boy, do they show it. Do they know it? Retail buyers are demanding perfect or they won't even make an offer. And again, this is for houses. This is what he's saying he's been doing. He does a lot of deals on the retail side as a realtor as well as an investor side. Okay. So retail buyers in the House side, they're demanding more and more perfect properties. Investor buyers are rehabs want to steal or they won't buy. So when you're selling your deal to a rehab or a house, they want a really, really, really good deal. Or it is they're just not going to buy. So they're getting more conservative. Most offers are coming in less than asking, and buyers are now requesting closing costs. So. Gone are the days of the lions going out the door for open houses, multiple offers in one day and bidding the prices up. Those are gone. But a lot of offers now that are coming in for houses, they're being they're coming in less than asking price and they're even asking for concessions. This, again, we're doing it with houses here, but this kind of all works together and works. Sellers are getting confused and they're scrambling. They're realizing how cold the market is starting to turn. And it's really interesting because I've seen there's called the Gap where it sometimes takes 3 to 6 months, 6 to 12 months for sellers to recognize when the market has shifted. And now we're at a point where the sellers are starting to realize that the market is shifting. Buyers already knew it six months ago. Now the sellers are starting to recognize it. So sellers are starting to realize how cold the market has really turned. Listings are just sitting there, forcing the sellers to think outside the box to sell. So you're seeing more creative things. You're seeing a lot more price reductions on the MLS. You're starting to see longer days on market. I'm starting to throw in more incentives and concessions, so sellers are starting to realize they're not getting their asking price anymore, but they still are very reluctant to budge off their price. But that's changing. Soon again, they're demanding their equity that is slowly vanishing. They're still motivated. Sellers are putting bad comps out there, which is doing what? Bringing down retail prices. What does that mean it's worth? A seller is really motivated. They're dropping their prices, which is what hurting comps, which is not a big deal. We're wholesalers. What does that mean? You need to put more weight on the recent comps than the comps from six months ago. That makes sense. Even more weight on recent comps. And this is interesting what he's seeing here with pre foreclosures. I've been hearing this on the housing side. The short sales are going way up in the last few months. 3 to 6 months have been some of the guys that I know that are doing short sales right now. You all know what a short sale is. Everybody did back in oh eight, No. Nine. Short sales. When you negotiate with a bank to sell your property that you're in default on, you're behind on payments and you negotiate with the bank at discount to get



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out of the. So instead of going into foreclosure, you do a short sale. These guys I know that are doing short sales right now, some of the most profitable months they've ever had ever had. And they're going back to like the days from oh seven, oh eight, oh nine. What's interesting, though, is we're starting to see short sales go up. Banks are getting more aggressive on foreclosing on homes. Why? Because interest rates are like 7 or 8% right now, right? Yeah. They want to get rid of that. Those loans that they're collecting 3% on and repurpose that money into 7 to 8% money. And because there is still a high demand and a low supply, they can take that house back and sell it relatively quickly. Still, that makes sense. So the banks are becoming more aggressive in the defaults and short sales, foreclosures and things like that. But here he's saying here sellers in pre-foreclosure don't give a flip and bird. They will die before they take their money off their asking price. They won't budge and they'll let the properties go back to the bank without hesitation if they don't get what they want. Which is interesting. Right. He's also saying here private lenders are getting cold feet, which is interesting. Let me open up the other screenshot I sent you guys here. Private lenders are they are seeing that the market is changing and they don't want their money out there right now. So they're much more conservative with their money and most are wanting to sit on the sidelines and see what happens and they're super cautious. So just be aware of that. When you lend, when you borrow money from a private lender, you're going to need to make sure there's a lot of equity in there where they're protected. They're going to want to be more cautious and anxious and nervous. You're going to need to show them good cops if you think the property is worth 40 to 50 grand, tell that private investor I'm basing my numbers on 40 grand. You got to underestimate and overdeliver when you're dealing with private investors. Super important. All right. So what's been working for him? What's saved him in this market? Be very picky where you buy a very picky what you buy. Don't buy anything weird. Be very careful about buying a piece of land that has questionable access. Right. This is why, again, it's so important to close in three months. The market will tell you if this is a good area or not, if it's a good property or not. We're selling a deal right now with some students, some coaching, and they're getting feedback from buyers that, oh, I can't get my dump truck back. They're like, Why would they want to get their dump truck on this property? I don't know. Maybe they dump dirt from maybe they dump dead bodies on like but that's something like that's a big deal for whoever is buying land in this area. I think what it is, is they're construction companies looking for dirt that they can dump and then move later. I don't know. So you got to be careful and pick what you buy and where you buy. Only buy in the median price range. This is really important. This is always been important, but especially now, because when the market was hot a couple of a year ago, man, you could you could sell anything anywhere and you could make a ton of money rehabbing million multimillion dollar houses. You could make a ton of money selling vacant land to homebuilders who would go and subdivide it and all of that. But now you got to be careful.



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When you look in at your top markets, you got to see what is selling in these top markets in these counties. What's selling is are they 20 acre subdivided lots you subdivide or are they little quarter acre lots? Are they five acre recreational lots? So you need to find what the median is when you take all of the properties that have sold in an area and you sort it from a low to high and you plot it on a curve, that's a bell curve. Okay. And the bell curve, if you look at my hat, this is a bell curve. The median is that area right in the middle. All right. I don't know. My hat's too dark, but you want to focus on those properties right in the middle. That's like where 75% of the properties are being bought and sold are right there in the middle of that bell curve. That's the median price range. So stay in the median price range plus or -15%. Does that make sense? So if the median price of a vacant lot in that county is 100 grand, you want to stay between 85 grand and 115 grand on your sale price, You want to avoid the real cheap ones and the real expensive ones get in light. Try your best to get creative financing from sellers. What's going to be interesting is if the market really does continue to soften and slow down, I'm going to be looking more intently at making buying properties on creative financing, buying properties with, you know, maybe before I would pay them 20 grand for cash. Now I'll give them 20 grand with seller financing, maybe zero down and \$250 a month until paid. So it's a 0% loan and my cash offer instead of 20 grand will be maybe ten grand. All right. So I'll give you ten grand cash or I'll give you 20 grand with seller financing, zero down, 250 month until paid. How many months would that take? Well, you just take a 20 grand, dividing by 250. It would take you 80 months, which divided by 12 would be six years, seven years, something like that. Okay. When you sell priced your homes aggressively from the start, gone are the days of pricing it high and then doing price reductions. You don't want to do that anymore. Buy and rehab to the tens, which means make it really nice. So you you make everything where you will make the most amount of money right now. So you want to make your properties perfect and update everything. If you're rehabbing houses, update everything and lower your expectations when selling, you won't get as many showings. You won't get as many offers. You may only get one offer and don't play too much hardball with your buyers. You'll lose them and they will walk stage your homes. Super important. Always has been. It's for vacant land. It's take pictures of your property, pay the extra 500 bucks to get drone photography and professional photos. Not from an iPhone driving by in a car. You want to get really nice photos from a nice camera with blue sky in the background. Okay. If you wholesale deals, expect less of a profit than normal. Here's the thing, guys. There's so many people out there wholesaling houses that were getting fat and happy and getting sloppy with deals, and we're making 35, 40, 50 grand wholesaling deals. That was not the normal. There was a period of time where that was normal. They're coming back down to earth normal. Ten, 15 grand should be what you're expecting to wholesale deals on on houses and land. Build your cash buyers list hard right now. Yes. Always be building your buyers list. He suggests getting a real estate license if you don't have it already, Maybe be very



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careful at what price you sell out. Remember, you're creating a new car and it would really it could really hurt you in the market on the next deal. So you must stay strong, right? Is that helpful for you guys? I feel like give me some feedback here. Let me know what you think of everything I was just sharing with you. I should have maybe started the coaching call with that, but I think it's real critical. Dave is asking is so is no HOA homeowner's association worthy of a rule? No, I still sell deals that are in an HOA. If I can see in the last 30, 90 days, there's been a lot of sales in that HOA and I'm good 50% as your is your rule for max 50% of your sale price or the market value and sale price. This market value is the same thing. I'm going to sell it for 50 grand. The most I'm going to offer is 25 grand. So when you're searching for Zillow's unsold, you need to go to the more tab and scroll all the way down to the bottom. And there's a filter for sold in the last. And you open that dropdown 30 days, 90 days, two years, whatever. That's why Redfin makes it a little easier. Okay, so questions quasi how do I start from scratch from Ontario, Canada? Go through my course and I tell you, I don't recommend buying land in Canada because I don't know, because I've never done it. I just can't teach you how to buy land. I would look at the same like I teach in the course, find out where the hot markets are in the U.S., Get a list and mail it. You're welcome, T. Ryan, first off, I want to apologize for missing the call. I went to my new number and instead, Ryan, I'm not sure what you're talking about, but if you're listening to this, send an email to support @Joe McCall dot com, support at Joe McCall dot com. And Gail, when you see questions like this, will you just send them? Make sure you send them an email to find out what they're what they're talking about. Okay, sure. Somebody put in a bunch of questions with just the word thanks in them. Is this just me? All right. Let me just there's like six questions. Somebody put in or they just asked one. They just put one word in. Thanks. All right. Here's final, last, last question here, Carlos. I'm acquiring a parcel, a one acre parcel with a home that's on it. How can I go about separating it to develop half to three quarters of it? To sell lots? And then partner with a builder? That's a good question, Carlos. And above my pay grade, I keep my deals super simple. I don't like I don't I'm not saying you can't, but I don't go and do the subdividing thing. You certainly can. And what I would do is I would call the county and the or the city and ask them, how does it work? Ask them. I have the property that I want to divide, subdivide. How do you do it? And they'll tell you. They'll tell you, Well, go ask this department, Go to this website, read this thing and talk to this guy who can help you. So just get into every county and city is different. You need to find out what's involved, what's the process? Second thing I'll say is find somebody else who's already done it in that market that you're in. Find another vacant land wholesaler that's already done deals there. You know, get into the Facebook groups that join all those local Facebook groups for vacant land and ask them, hey, is there anybody in this group who has subdivided land in this county? Yeah. And then that's what I would do. The final thing I'd say is look at some realtors who have a lot of vacant land listings actives and sold and call them and ask them,



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Hey, I'm looking at buying a property and I need some help. I don't have an agent representing me yet, but I need some help. Who can I talk to? Can you help me figure out how to subdivide this lot and sell it? You also said something about partnering with the builder. So call all the builders who are building homes there and ask them if they can help you. Telling me think you've got a good deal, but you're new into the area and you don't know what you're doing. Be honest with these guys and tell them I think I got a good deal here. I've got this property with a house on it, but I want to break off a piece of the lot. And I'm looking for a home builder that might want to buy a build, build on it and say, Would you be interested in it by any chance could do you have you ever done this before? And they have. Do you want to help? Can you help me with this deal? All right. Good questions. We need to wrap it up because we're ten minutes over and I got to go pick up my daughter from school. Question here. You guys have been giving good feedback back and forth. But from Ben, I have a deal under contract signed Power of Attorney in Georgia, and I've called over 18 realtors in the area and they all tell me that they want their brokers won't let them work with me. Stating something to the effect of I spoke with my broker and unfortunately our area has seen lots of scams for vacant land and is not comfortable with this assignment of contracts or listing agreements. What are they referring to when they say scams? Or is it just throwaway line that they're using to blow me off? Usually yes, because they don't want to work with wholesalers. Yeah, that's usually it. So Brandi says, I'm seeing this in my area as well. There are definitely scams out there all the time in the industry. There always has been. There's nothing new comes down to the real estate industry as a whole, not understanding the concept of wholesaling. Okay, so here's the thing, and Eric runs across this a lot too. Like when I'm talking to realtors, my positioning is, look, I've got this. I'm an investor. I buy and sell land. I live in Saint Louis, Missouri. I've got a property under contract to buy in Hardin County, Tennessee, right now. I'm not sure what I want to do with it yet. I may buy it and close on it and sell it with seller financing. Or I may just flip the deal. I may just. And usually when I flip it, I will buy it and then turn around and immediately sell it. That's typically what I do, but I don't know what I want to do yet. I see you sold a property here recently that's real similar to mine. Real close by for \$45,000. I'm thinking I might want to sell mine for \$40,000 and I don't have an agent representing me yet. You wouldn't have any buyers interested in this thing yet, would you? And I paid 10% commissions. So what have I just done there? I'm not pretending. I know what's going on. I'm not pretending to be somebody. I'm not faking it till I'm making it. I'm calling each realtor saying I got a deal here. Don't know what I want to do with it yet. I may close on it. I may just turn around and flip it. I see you sold this one recently for this price. I'm going to sell mine for this. You sold yours for 5000 an acre. I want to sell mine for 4000 acre. Want to know if you have any buyers? What might be interested in it? If they say, Yeah, we do. How is this going to work? I say, All right, so I just have this under contract, Mr. Realtor. Supposed to close in two and a half months, and there's a couple of ways I can do this. All



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right? I want to sell this deal. You sold that one for 35. I want to sell this one for 30. But we can do it a couple of different ways. I can close on it and turn around and sell it. But then I'm going to have to have I'm going to have to use my a lot of my money. I'm gonna have to extra double closing costs. And so instead of selling it for 30, I'm going to have to sell it for 35. If I do a double close, if you can help me just do an assignment, then I can sell it for 30. So it doesn't matter to me what you want to do here. And the seller may the realtor may say, Yeah, you know what? This is great. I've got a buyer who's interested, and they're thinking 10% commissions, \$4,000. All I need to do is make some phone calls and send some text messages. All right. So we'll find a way to make this work. All right. And now they're thinking, well, maybe I can save my client \$5,000 if we just do an assignment. Or, again, it doesn't matter if I can double close on it. I can use transactional funding. I can use a. Private investor. And by the way, it's easy to find a private investor to close on your deals if they're going to make 10% on their money and just let you hold it for a couple of weeks or a month, like you're going to borrow 40, you're going to borrow 20 grand to buy this deal and you're going to pay them \$2,000 in interest. You work that into your numbers. But yeah, that's easy. It is worth 40 grand. It's easy to find that kind of private money from private investors in the Facebook group. All right. So I'm not looking for a listing agent to list my property. I got to hurry up and go. I'm looking for an agent with buyers, and then I'm letting giving them the options. Okay. The final thing I'll say to this, too, is you don't always have to find an agent to sell your deals. If you done this yellow letter yet this crumpled up yellow letter and sent it to buyers, yet this thing is pulling like crazy. I'm having students use this right now and they're just going directly to the buyer. Send that letter to all the buyers that have bought something there in the last 3 to 6 months that own five or more properties. Send them this desperate. I got to sell my property now, handwritten yellow letter, crumple it up and send it, and you're going to get 10% response rates on these students. Right now, they're sending 100 of these getting ten buyers. Skip the realtors altogether. Go right to the buyers. Tell them, hey, I got this deal. Do you want it or not? I'll assign this contract to you for \$10,000. Okay. Got to go. Thank you, Eric. Gail and Louis, you appreciate you guys. We'll see you. If I did not answer your question in the chat, please put it in the Facebook group. Appreciate you all. Bye bye.