1324 - How I Made $31,500 on a Vacant Land Deal Without Spending a Dime!

Hosted by: Joe McCall

Joe: Hey, on this video, I'm going to show you how we made $31,406 on a vacant land deal that we did not even own. We didn't buy it. We didn't use any of our own money. We did a simple assignment. I'm going to walk through all the details of how we did this deal from beginning to end, right here in this video, $31,000. That's the biggest profit that I've ever made on a vacant land deal before. So this is I'm just going to say upfront, not typical. Okay. I'm not saying that this is going to happen to you. I'm not saying that this is easy. Let's just say I made $3,000 on this deal. You're going to learn from the steps on how to do simple deals like this yourself. Okay. Now, how did we get in a position where we made $31,000 profit on a deal? We were making offers. That's the simple thing I want you to take away from this video. If you want to make money in this business, right, you've got to do deals. If you want to do deals, you got to make offers. If you want to make offers, you got to talk to sellers. And if you want sellers to talk to, you need to do marketing. So we're not in the real estate investing business. And yeah, this is vacant land. But it doesn't matter if you're doing houses or commercial properties or multifamily, right? What matters is you understand this is not a real estate investing business that we're in. This is a marketing business. So it all begins and ends with marketing. We do big deals like this because we do a lot of marketing. We have a pipeline full of leads that's constantly coming in, feeding us motivated sellers. So if you're just getting started, you're going to learn a lot from this video. Maybe if you've been in this business for a long time, you're going to learn a lot from this as well, because the principles are the same, whether it's a $31,000 deal or a $3,100 deal, or a deal that you made just 300 bucks, or even a deal that you make $300 a month in passive cash flow. This is how you do it. You make offers and you make offers by doing a lot of marketing, talking to a lot of sellers. So I'm going to be talking about how we found this deal and going through all of the steps and details. Are you ready? All right.

Joe: I'm going to sit down right here with my iPad. This was a land deal. We made $31,406 on net profit after all of our expenses. Now, we spent a little bit of money on marketing, but on this particular deal, we spent maybe about a thousand bucks on average. We spend anywhere from 1000 to $2000 in marketing per deal. But this profit is net. After all of the realtor commissions we paid, the closing costs and that kind of stuff. Right? So this was in a very competitive county in Florida. The thing you got to understand here is I'm always

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talking about following the money, following the demand. And if you look at right now, Florida is a hot market. And if you look at all the counties in Florida, this was a county where there is a lot of activity, which is why we made so much money on this deal. This is because we went where we didn't care about the competition, we went where the competition was, and we did what other investors aren't willing to do a lot of marketing, make a lot of offers, do a lot of follow up. So we did some direct mail there and we did some cold calling. And this lead actually came from cold calling. It was actually a property that was already listed on the MLS for sale. We called the realtor, the seller, and ask them if they wanted to sell their property. They said, yeah, we didn't even know it was listed until after we made the offer, but even though it was listed, we still worked with the realtor. So we worked with the agent. We actually had an agent that brought us the buyer, and that agent worked with the seller's agent. And so it still all worked out. Even though we contacted the seller first, we didn't try to kick the realtor out of the deal. Does that make sense? All right. We were doing some cold calling in this campaign in this county, and we had more leads and we could handle actually, we got a lot of leads. And this particular property was right next to a mobile home park on the water, which is really valuable in this area. And it was a bigger property than normal for this area. In this area, most of the properties are little quarter acre lots. This was actually a 3.7 acre property and because it was next to the water, guess what? It was on a floodplain. Now sometimes people freak out if the property is on a floodplain or in a wetland and they're like, oh my gosh, I can't do deals here. Well, yeah, you can if there are other people that are doing deals, if you can go there and see there's a lot of recent solds guess what? You can do deals there as well. So it didn't matter that it was in a floodplain or a wetland. We knew that there was a lot of activity. So when we talked to the seller, we said, you know, why do you want to sell it? And she said, I just I'm not doing anything with it anymore. I don't care, I don't want it anymore. I just want to sell it. So after we started talking to her, we realized we found out that the property was listed on the MLS. And so we looked to see what it was listed for it. It was listed for $380,000. Now we offered and bought it for 215,000.

Joe: So let me tell you a little bit about the history of this. So she bought it in 2004 and she bought it for $500,000 in 2004. Right. And after we were talking to her, realize that it was actually on the MLS, it was listed with a realtor and it was listed for $380,000. But you look at the price history, probably about four months earlier, it was listed for four. 170,000. A month later, she dropped it at 20 grand to 450. A month later, she dropped it, another 30 grand to 420, and then a month later she dropped it. Another 40 grand to 380. So you're seeing some big price drops here, right? 20 grand, then 30 grand and then 40 grand. And so we asked her, how much do you really want to sell it for? And she said, make me an offer. So what do you think your motivation level was, right. On a scale of 1 to 5, she was a 4 or 5. So we looked at this and we thought, you know, the most we can offer you. Honestly, Mr.

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Seller, Ms. Seller is $215,000. And remember it was listed for 380. And we you know, here's the thing. You got to understand. It doesn't matter really what the property's listed for what the seller says they want for the property. What matters is what the market thinks it's worth. And we knew we probably couldn't sell that property for more than 275 280. So if we wanted to make our minimum profit, we had to offer something around 215. So we made an offer for $165,000 less than her list price. She said, okay, here's the crazy thing. We gave her a contract through the realtor that had it listed, and she signed it. One week after we sent it to her, she signed the contract. She signed the offer, and we're good to go. Now we're freaking out like, oh my gosh, we've never done a vacant land deal this big before, right? But guess what? We knew it was such a good deal. If we didn't want to use our own money, we could use private investors money. And that's another video for another time. But listen, let me just sidetrack this a little bit and tell you it's important to dig your well before you're thirsty, okay? It's important to start building relationships with potential private investors. So when you find a good deal like this, you can call your private investors and borrow the money on a short term basis. So we knew we were going to be able to sell this quickly. We would only need to borrow the money for a couple, three months. And so we felt really good about offering $215,000 because there was so much equity in this deal. All right. So one of the unique things about this deal, believe it or not, is we didn't even offer any earnest money deposit. Now, you could have. Maybe we should have, but we just didn't. And sometimes in our land deals, we offer earnest money deposit. Sometimes we don't. But in this case, we didn't even offer it. And she didn't care. Let me kind of explain how the numbers work here, because it's very simple. It was listed for $380,000. We got it under contract for $215,000, and we started marketing the property for 280,000. So listen to this. First thing we did is we went on, we got in to Zillow and Redfin, and we found who are all the realtors that have sold vacant land in this area in the previous six months. And we called every one of them. We called about 15, 10 or 15 of them and one of them, and I don't remember how many specifically that we talked to, but one of them said, yeah, I might be interested. And I have a business partner who is an investor who's buying land here who might be interested. And so let me make a quick phone call and get back to you. So this was a property getting was listed for 380. We were trying to sell it for 280. So do you think that buyer was interested? Yeah, he was very, very interested. This realtor brought us a buyer that was willing to pay 280 for it. And then we said, okay, this is what we're going to do. We would rather not use our own money or use a private investors money to close on the deal and then turn around and sell it. We would rather just do an assignment. So there's different ways you can wholesale property, right? You can buy it and then turn around same day and sell it. That's called a double close. But then you have to use your own money or private money or hard money to buy the property. We'd have to come up with $215,000.

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Joe: So we told the seller, hey, listen, if we can just do an assignment to make this super easy, then we'll then we will lower our price a little bit. So we negotiated back and forth and the seller said, okay, if we can just do an assignment, we agreed to sell it for 260 $260,000. This buyer is going to buy it. And so then they said, well, how much is the assignment going to be? And we told them $45,000 without hesitating, without blinking. And they about had a cow. They had a fear that like what? Oh my gosh, are you kidding me? $45,000 assignment fee. And we said, yeah, you know what, if you're not interested, that's fine. We have other buyers that are just tell us yes or no. And he says, okay, fine. And so the realtor and then we're doing we don't own this property yet. We haven't bought it. Right. We're working with realtors and we're doing assignments and we don't have our realtors license. Okay. So whatever. That's the way it is now. We told them we could double close on this, but if we're going to use our private money, we're going to have to pay interest on that money. We're going to have to pay extra closing costs. We're going to need to sell it for 280. Now, it was a good deal at 280, an even better deal at 260. So the buyer was okay with doing an assignment. So we told the realtors, we said the real both realtors that were involved, we said, all right, we're going to do an assignment. The assignment fee is going to be $45,000. We don't own this property yet. We have it under contract. We actually had two more months to close on its we had plenty of time. So they knew if they wanted this deal they were going to have to work with us. So we told the realtors, if you can get us a title company that will help us with this assignment, we can go ahead and proceed to close. So the realtor found the title company, told the title company what was happening and everything just worked out great. So selling it for 260. After closing costs, realtor commissions and that realtor, by the way, who brought us the buyer, they got like a $6,000 commission for just sending a few text messages and helping us find the deal together. Right. So our total net profit was $31,406. So there's really important lessons learned here that I want to kind of review with you. Right. Number one, we just did an assignment. You don't have to use your own money to do an assignment. You don't have to close on the deal. We could have if we wanted to because we had private investors in line, but we just did an assignment. Number two, we did not use any of our own money to buy this deal. Because when you get good at finding good deals, guess what? You can sell those deals very easily and you'll find creative ways to make it happen. Number three, we called local realtors who had the buyers, and we in fact, in this time, in this instance, we paid the realtor about 3%. So we found the realtors who knew the buyers. And a lot of these realtors were working with investor buyers who were more open to doing creative types of deals. So that's one of the first things you should do when you get a property under contract is call the other agents that have sold properties to investors in the recent past, okay? The fourth big important key here is never be afraid to offer a lowball offer to the seller on a deal and the numbers that work for you. All right. If we would have been concerned about what it was listed for, what she had bought it for, you know, 16 years ago

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or whatever, we might have never gotten this deal, but we made an offer on the numbers that worked for us, and we were totally prepared for her to say no. But guess what she said? Yes, this is a numbers game, guys. You make a lot of offers. You're going to find out pretty quickly that it's a numbers game. So if you make 20 offers, you're going to get one accepted. If you make 30 offers, you'll get one accepted. Whatever that number is for you. Never stop making offers. The next big lesson learned here is cold calling works. It's no fun to do it. I don't like doing cold calling. That's why I don't do it. You can get virtual assistants to do it for you, but it works. And you got to understand too. With cold calling, the quality of the leads are not as good as direct mail, but cold calling works. You should do it. The next big lesson here. This is so important guys. There are deals on the MLS. There are tons of deals on the MLS. You may not think so. You may think, oh man, there's so much competition in this market. Whether you're doing houses or whether you're doing land or whatever. There are deals on the MLS, there are sellers willing to reduce their price 60, 70% just by. And how do you know? And you just make offers so you can I'm telling you, if you could just do 2 or 3 offers a day on listed properties on the MLS, let's say you're making three offers a day. That's 20 offers a week. Let's say that's 80 offers in a month. You cannot help but two deals when you make offers, and you should be doing 1 or 2 deals a month just by making offers. The other big lesson learned stay in areas where there's high demand. Okay, it would have been harder to sell this deal for such a large profit if there wasn't already a huge pool of buyers. They're looking for deals. So this buyer at first was real concerned about paying us a $45,000 signing fee. Right. But he knew that if he didn't get this deal, somebody else would. And so when you're in a market where there's a lot of competition, that's actually a good thing because it means you can sell your deals faster for more profit when you stay in those competitive markets.

Joe: All right. Next big lesson to learn. Don't worry about how you're going to buy where. Close the deal. Where are you going to get the money from. If you have a good deal the buyers will come. The money will come and you will figure it out. So just focus on getting good deals and the rest pretty much just takes care of itself. So we just we told the sellers, we told the realtors, we told the buyers exactly what we were doing. We're completely open book. But because we had such a good deal, it was not a problem. Next big lesson learn use realtors. So I don't know why there's always been this conflict between investors and realtors. If you approach a realtor and say, hey, I think I've got a good deal here, I'm willing to pay you a generous commission if you represent me, or I'll let you double dip the commissions and you can get the seller and the buyer commissions. If you can just help me with this deal. I'm from out of town. I'm an investor. I knew this area. If you can bring me deals, I'll pay you super generous commissions. You see what I'm saying? So we should be using realtors. We shouldn't be a combat or conflict with realtors. Realtors are amazing. And if you're not a realtor yourself, you should consider maybe getting your license. But

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you don't have to have your license to do deals. But I highly, highly recommend using realtors when you're wholesaling, when you're buying, when you're selling your deals. Okay, another big lesson learned diversify your marketing. If you find a great market, do cold calling. Do direct mail. Call the realtors on the MLS. Make as many offers as you can in many diversified market. Marketing channels as possible. And finally, biggest lesson learned from this? Always be marketing. Always be making offers. There are so many deals out there under your nose, the you don't know. If you don't make offers, you will not do deals.

Joe: So that's the key to this, right? Always be marketing, always be making offers. So that's all I got for you right now okay. So listen if you want more information about how to do these deals, like how we talk to sellers, how we make offers, subscribe to my YouTube channel. I come out with videos all the time. And in fact, about once a week I'll do live videos. We call sellers, we call realtors live, and we make offers. So if you want to get notified when I come live and when I do those kinds of videos, and maybe we could review one of your deals, subscribe to my channel, hit the notifications button and then comment down below. Let me know. You know what kind of other videos would you like to see? Let me know if this was helpful to you at all. If there's something that I missed, maybe something that I should have said that I didn't say or give me your feedback. I'd love to see what you think. I know there's a lot of people out there think that you can't wholesale deals on the MLS, or you can't wholesale deals unless you have your license. Do you think even though this was Florida, you know, in Illinois, states like Illinois have strict rules against wholesaling? Do you think I could have done the same thing in Illinois? I'd love to know your feedback, your thoughts. Do you have to have your license to wholesale deals? Ken, does it matter that I'm doing this in Florida? Could you do these same kind of deals in other states across the country? Well, the answer is yes, but I'd like to know what you think. So subscribe to the channel, comment down below and I look forward to talking to you. We'll see you on the next video.

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