

# ***A STEP BY STEP GUIDE TO WINNING AT REAL ESTATE INVESTING IN KANSAS CITY***



***“...In Country Boy Terms”***

# THIS IS WHERE I COVER MY A\$\$...

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**Me and My Wife Angela in Vegas!**

# What is a Real Estate Wholesaler? What I Do!

## ➤ *What Is Wholesaling? Why do I love to Do It?*

Wholesaling is the art of finding homes at CHEAP A\$\$ prices and pA\$\$ing them onto bargain hunter cash buyers, like you.

So, Why do I love to wholesale deals? The answer is simple... It's easy. The deals are endless, and I'm good at finding them. Fact of the matter is: most investors aren't good at finding deals. They're good with the creative, the fix, the flip... not the deal finding. I'm cheap, and good.. you'd be crazy not to use me. I may be one of the last true 'wholesalers' around. And I do this every day, all day with buyers from KC... and out-of-state... sometimes out-of-country. "if these are such good deals, why don't I just keep them all for myself"? I have to laugh. There's thousands. I do keep some. But a few. I do 10-20 deals like this a month. Even at \$1000 a wholesale, that's pretty darn good. That's why I do it. It makes KC prettier... makes you money... and makes me money. That's why. A 360 degree win. That's my way. I don't do deals with people I don't like, and I don't do bad deals... the proof is in the eating of the pudding... since 2001. If you need a good reference, you'll be more than satisfied.

## STEP 1: Find A CHEAP A\$\$ Deal! Hint: I got 'em

### ➤ *Where To Find CHEAP A\$\$ Deals*

The bulk of my wholesale deals will be found in lower price housing. Markets are different all over the country so lower priced housing is a relative term. On the east coast you'll find the average market ranges from -0- to around \$100,000 although you can still deal in higher priced houses. but it is more difficult because of the fact that you will have to bring more cash to the table. On the west coast junker houses can go for \$100,000 so as I said it is dependent on where you live. Here in KC, we have an abundance of junkers that are less than 100,000. And a fair number reaching up to 500-600K. Lots of diversity in our neighborhoods here. Check out the Gift #2 I gave you. It will show you by zip code all you will need to know when considering where to buy in KC, and how much you should expect to spend, and make on the deal. Heck, I've already done just about all the market research you'll need.

However, it should be said that if you are wanting to landlord, or fix and flip, you want to be in areas where people want to live and there is no gunfire. By that I mean you want to stay out of war zones. Unless your specific business model focuses on those areas. I have one buyer with whom I work, he has well over 100 properties all down there. And he LOVES it! And is KILLING it! Making that \$\$.

There are investors that work in war zones but they are very experienced and understand their market. You would be best served to stay out of the war zones unless you are a pro.

So the first thing you need to do is identify the war zones so that you can rule them out in your marketing. You can accomplish this by taking a ride through the areas that interest you and make note of any area that you should not market too. Or, you could just check out my market research, by zip code, in this gift packet.

Once you have established the areas you don't want to work in the rest of Kansas City is fair game.

## ➤ ***How To Figure Repairs***

If you are new in the business figuring out the cost of repairs will be foreign to you so my suggestion is to get some estimates from a few contractors in the area. If you need a suggestion, or if you are investing here from out-of-state... let me help you. I've got the BEST... the CHEAPEST... and the MOST INTELLIGENT referral for all your contracting needs. Nope, I don't get a kick-back. I refer them, because they are that good. And, yes, that helps me get deals done too. They will handle EVERYTHING from initial walkthrough and picture taking to tenanting and property management. Whatever you need, or want. Don't know what repairs costs will be? They'll tell you. And it'll be right. And nothing you don't want going on here. And it'll be on schedule. You'll want to talk to them yourself, tell them that you may rehab the property and make sure you pay them for their time. It's like \$100 for their walkthrough and inspection. It may be the best \$100 you ever spent. Remember, we are talking about flipping these properties without touching them so you don't want to take up a contractor's time when you know you are not going to do business with him on this property. Once you do this with one or two properties you will have a good sense of the costs of repairs and will be able to figure repair costs on future properties yourself, possibly. Remember you do not have to be exact regarding the repair costs because it is figured into the formula. If you've got a crew, great. If not, I can put you in the right direction.

## ➤ ***How Do You Make An Offer***

All you need to do is give me a call, email me, or send a letter – heck, put it in a bottle and throw it out to sea – we'll find it!

You will need to make an earnest money deposit with the signed contract. We will provide all contracts. They're so simple, they're almost silly. Real basic stuff. It ain't a complicated thing we're doing here. You will need to put up \$500 to \$1,000 in earnest money deposit at a title company, most cases.

If you're not sure what to offer... access my free gift to you. Gift #3 is my deal analyzer software. It will give you some idea of how I calculate, and value these deals. Then you'll have a good starting point.

## ➤ **Proof Of Funds**

When dealing with our properties, my team will often ask for proof of funds. You can provide that by using a bank statement from your account, a friend or A\$\$ociates account or a private lender. You can also use stock or money market accounts and IRA accounts.

If you are not able to provide proof of funds from the above suggestions you can find companies on the internet that will provide proof of funds letters for a fee. It's called – gettin' it done.

You will not have to provide proof of funds when dealing with many properties, however.

## ➤ **Every Title is Checked for Clouds or Issues**

Once you have the property under contract to buy you now have a very important task to perform before you can close. A title search must be done to insure that the house is marketable. You will need to make sure that there are no other liens on the property other than the ones that we told you about, and you will want to make sure that there are no other parties of interest other than the owner that you are dealing with. This is a standard practice, and the proper way to purchase real estate. It will typically cost you between \$250 and \$1250 to have this entire process completed.

We have a title company that we use ALL the TIME! They are great, affordable, and super friendly, and fast. You'll love them. But we aren't married to them! We can fool around with another title company if it works best.

We use them because, you will want to find a title company and an attorney in your area to work with and speak to them about doing a double close or an A\$\$ignment if you plan to go that route. You want to make sure that both the title company and attorney are investor friendly and understand what you are trying to do. It should not take more that 3 or 4 days, but occasionally a couple weeks.

If the report shows title problems, you need to take action right away. We'll need to get the information and see what needs to be done.

Once all the proper parties knows that there is a title problem a couple of things can happen. The seller can act to clear up the problem at his expense. If the seller will not act to clear up the problem and it makes sense dollar wise you can have your attorney cure the problem and proceed to close. If the seller will not act to clear up the problem and you do not want to fix the situation you can void the agreement and move on. Any deposit monies will have to be returned to you.

You can not move ahead until you are sure that you have a good title.

This is an extremely rare thing... but, worthy to know about before jumping in.

Once the title company has closed the transaction, you are now the new owner.

## **STEP 2: Fixing... the first 'F' in Fix and Flip**

I've lost more real estate dollars, and had more real estate headaches dealing with contractors and deadlines, until I figured out the secret. And I'm about to lay it on you... are you ready? It's so simple you're gonna say, "I knew that". And yep, you did know that. It's just execution is a little tougher. I'm gonna tell you how.

1. If you're retailing the property to a retail buyer, put granite counter tops in. It'll save you on holding costs, and a jet tub wouldn't hurt. Fresh Carpet – Make it smell good.
2. If you're renting, make it comparable to the homes next door.
3. Interview the crap out of contractors. I've got a whole list of vendors and contractors on my site at [www.wholesalehouseskansascity.com](http://www.wholesalehouseskansascity.com) They are tried and true. Check them out at the Vendors tab... bottom of the page.
4. Know what's going on in your property at all times. Either yourself, or your paid eyes.
5. Don't be afraid to fire a contractor quickly when he is not performing to standards, or to meet deadlines. This is an investment, not a social program. Cut your losses, and get a better one. Like immediately.
6. Make sure the work and timing was written out, and signed by the contractor before work begins.

## **STEP 3: Selling The property**

### **➤ Marketing The Property Yourself**

Keep in mind that you are going to be selling the house "as is" to a retail buyer, or renter. Where is your prospect currently shopping for a place? Get in front of them. That simple.

Advertise it on Craigslist, Facebook, and other social media sites... It's KILLER nowadays. I do it ALL THE TIME. I make a living that way! Trust me! Make sure your ads, where-ever they are, have the following info:

- Location
- Asking Price
- Value and Special Features
- Bed/Bath & Square Feet
- Contact Information
- Pictures
- For Rent or For Sale By Owner

Get the information up on your website if you have one.

You might even want to place an ad in the local newspaper. Keep it clean and cheap.

" Blah, Blah... Blah, Blah"  
(Your phone number, Email address and Website)

Make sure that you capture their email address so that you can place them on your buyers list. If this property isn't for them find out what they are looking for and make a note of it. You might want to place a form for them to fill out on your website describing what they are looking for. This will help build your cash buyers list.

## ➤ ***Showing The House***

For the most part you will not be involved with showing the house. If the property can be locked up I suggest a lock box on the front door. Using a lock box will allow the buyers to take a tour whenever they can and keep you from running to the property.

If you are dealing through a Realtor and they have a lockbox on the house just get that combination.

## ➤ ***Getting The Deposit***

When you have a deposit in hand from your buyer or renter you are on your way to a GETTIN' THAT MONEY. Anything less than a deposit is just a story. You want to keep selling the property until you have the check at closing. Stuff happens so even if you have a deposit don't stop marketing it until you close and walk away with a check. This will get you back up buyers in case your primary buyer goes south and it will help to further build your buyers list.

The deposit should be at least \$500.00 and if the property is over \$50,000 you might want to increase that up to \$1,000. If they can't come up with \$500 they are wasting your time.

Whenever possible you want the deposit check made out to you or your company but if that's a problem for the buyer have it made out to your title company or attorney. Make sure it's your title company and your attorney not the buyers. You want to make sure that you control the deposit in case the buyer does

not perform. Make sure that the deposit is equal to or more than the deposit you gave to the seller to cover your cash outlay.

If the deposit is not made out to you make sure that your title company or attorney has a proper escrow agreement to automatically give you the money should the buyer not perform.

## ➤ ***Marketing The Property Through a Realtor***

One way that you can find Realtors to work with is to contact them by phone or email and introduce yourself as an investor in the area looking for deals. You can locate real estate offices and/or individual Realtors by going to Realtor.com and searching the area you want to work in. Make sure that you always mention that you are looking for an investor friendly Realtor (one that works with investors) as they will have a clue as to what you are all about. My suggestion is to email individual Realtors and tell them you are an investor in the area and are looking for an experienced Realtor to work with. Once you find a candidate you need to interview them and see if they are what you are looking for. Remember you're going to increase their income so you're hiring them, not the other way around.

The second way to find a good Realtor to work with is to contact them from a listed property that you are interested in. Once again tell them you are an investor and are interested in selling the property and perhaps working with them on other properties. Let them know that you buy properties and have some capital available, and ask them if they have any other properties they could send you. By the way it's always better to work with the listing agent as they do not have to split their commission and they like that a lot. Once you prove yourself they will gladly search out other agents properties for you.

The basic criteria that you should give them will include the area you want to work in, the price range you are interested in, time on the market (the longer on the market the more motivated the seller or bank), type of property and condition of the property.

Here's a few Realtor tips for you.

- ☐ Work with multiple Realtors don't just rely on one.
- ☐ Use whatever agreement the Realtor wants.
- ☐ Do not allow an agent to make you do anything you don't want or can't do.
- ☐ Go see the houses on your own so you don't waste a Realtors time.

## ➤ ***GETTIN' THAT MONEY - REPEAT***

If you are dealing with real buyers 30 days is all they need to close. If you have to extend you can go to 45 days but that is only if your agreement with the buyer is for 30 days or more. If you do have to



extend the time you should request an additional \$500 - \$1,000 non refundable deposit for the right to extend.

You'll get all sorts of stories as to why your buyer needs more time to close but generally it means he doesn't have the cash so money talks or you walk.

If you can get a money source to cover the deal either through a private lender or hard money lender it is always good to have that as a back up incase your buyer goes south at the last minute. If you don't have that back up all you can do is walk away or ask for an extension from the seller. I've got ideas on who you should call for that, too. Hmmm... I might be good to know. Maybe. ☺

## ➤ **A\$\$ignment Or Double Close**

In most cases we will want to do an A\$\$ignment rather than a double close as this is the simplest and most cost effective way to conclude the deal. There will only be one closing and once we A\$\$ign the contract to you, the buyer, the closing will take place between all parties, and we will be paid our A\$\$ignment fee by the title clerk or attorney handling the closing, and you will become the new property owner.

A double close is two closings that take place the same day hours apart. If we are dealing with a bank owned property you will have to do a double close as institutions will not allow A\$\$ignments.

Aside from using a double close when dealing with an institution the only other time you would want to use that form of closing is if you don't want the seller to know what my profit in the deal is. In most cases this will not be a problem as I tell the seller what I'm making (as long as it isn't a killing) up front to avoid any problems down the road. In most cases the seller doesn't care what I am making as long as he get what he wants. Full disclosure in any real estate transaction is the way to go so nothing comes and bites you in the butt down the road.

Any questions you may have regarding a closing can easily be answered by the title clerk or your attorney. Make sure you ask because they are there to make things go smoothly.

If you are working with a Realtor they will want to do the closing, however you should let them know that you will be taking care of the closing and have your attorney contact them. It's always a good idea to let your attorney protect your interests and work with the title company to finalize the close. It doesn't cost much and will keep you out of trouble.

The attorney will see to it that the title company coordinates with both buyer and seller, the closing documents are correct, and all other elements of the closing go as planned. You do not even have to attend the closing as your attorney will get your proceeds and deliver them to you.

Let the professionals do their thing and have your attorney watching your back and all should go well.

## Common Mistakes To Avoid

1. Paralysis of Analysis: Get in there and get started.
2. Working the wrong areas.
3. Not building a buyers list of your own.
4. Over paying for a property.
5. Not properly prescreening prospects.
6. Working with the wrong Realtors.
7. Not making enough offers.
8. Not following up.