

REIClub Interviews

Than Merrill



Wholesaling Business in a Box



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Tim: Hello, this is your host, Tim Randle, and I'd like to welcome you to another episode of the REIClub Interviews. As most of you know REIClub is a fantastic online resource with tons of free information and tools for real estate investors. If you have not spent enough time to discover all of those resources available on the site please make a note to do some time soon. And if you're not on our newsletter list, please visit the web site and subscribe right now so that you can be informed of upcoming teleseminars and new web site updates.

I highly suggest that you grab a pen and paper so that you can take some notes. I'm sure our speaker today is going to be giving you lots of great content that you can take action on. As always, any and all views expressed in this interview are the views of the speakers and do not represent legal or financial advice. If you have any questions please seek your own counsel.

I'm very excited today because I have Than Merrill, one of the nation's top experts on wholesaling. He is also the current star A&E's *Flip this House* and he plays NFL Football with the Chicago Bears and the Tampa Bay Buccaneers before getting into real estate about five years ago. Since then he has bought and sold 350 properties and specializes in wholesaling. Than is currently buying between 8 to 10 properties every single month so I'm sure he has lots of good information to share with us.

Than, I'm going to kind of leave it at that. If you would, please tell us a little bit more about how you got started and your background and we'll go from there.

Than: Sounds good. Well, thank you very much, Tim, for having me on and more importantly let me thank you if you are listening to this audio interview right now. I know you have a choice of where you spend your time and Tim and I are really going to do a great job today to give you some very up to date information, some action items that you can use to go be successful in today's market. Definitely tune into these audio trainings that Tim does and his web site is absolutely phenomenal and I've been there many, many times myself. I think it's going to be good, Tim, I look forward to talking about wholesaling and I know you had called me up a couple of weeks ago and said, "Hey, let's do this interview and here are the things I want to cover." I'd like to just start it off and give everybody just a real short, brief background of how I got into the business because I know it will apply for many people who are listening to this audio training. You're trying to make a decision; is investing in the market right now a good idea, is this something I should do full time.

I got into, as you mentioned, I had a very short background in the NFL and ended up after my first season in the NFL I actually ended up opening a restaurant. This was, believe it or not, my very first investment that I made with money that I had made in the NFL and I invested in a restaurant, it was a Mexican grill and I can

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tell you, Tim, I learned more from that business than I did from any one thing. While we had that restaurant open I did not make a single dime. It was a complete failure but also it gave me enough confidence to really understand what not to do when you build a business.

I ended up starting to buy and sell real estate two years after that, after I started the restaurant and ended up getting hurt as a player in the NFL. I had planned to play five or six years, that was my goal. Sometimes in life things don't always work out the way you had planned. I ended going back to that restaurant literally working 10 to 12, sometimes 16 hour days in that restaurant. It was at that point in my life that I said, "You know what? This is not going to provide for me financially. This is not proven to be what I expected it to be."

So I started looking into other areas to invest the remaining \$40,000 that I had saved after my first full complete year in the NFL. I had saved \$40,000 and I said I'm going to start buying and selling real estate. Started buying rental properties and quickly got into flipping properties and for the past six and a half years we are big time wholesalers. When most people hear my name they think of the show because they might have seen an episode or half an episode. Obviously on the show we're rehabbing homes and that's part of our business but really in today's market and what I advise people when they are starting out, I always tell people you want to wholesale properties when you're starting out because you'll learn how to do transactions. That is the most important thing you can learn is actually how a whole transaction goes down, how you find a motivated seller, how you patch them together with a buyer, how you create a \$10,000, \$15,000, \$20,000 spread for yourself in between. Really that is what wholesaling is all about.

Over the past six and a half years we've built a business on wholesaling properties and for us it's been very profitable. I would ask why we have had success. Really there are two different reasons and that's what I'm going to share with everybody tonight.

The first reason is early on I realized that your success as a real estate investor is based on how well you market. How many leads you get from sellers and buyers and effectively you can match up those people with a deal is going to determine how much you get paid. So when I tell when they are just starting out if they are brand new or have some experience, you have to make your competitive advantage in your local market place how well you market. You have to find your competitive advantage in business. For me it was our marketing. That is what made us really stand out and that's why we're doing so many deals.

The second thing is, the second key is, you have to build your business with systems at every level. What I mean by this is for example, we market, we have a lot of different campaigns and I know I'm going to be sharing some of these

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different marketing campaigns that we use to attract deals today. You have to understand everything you do as a real estate investor is a process. So every time I get a lead from a seller that lead goes through the same process. I have three steps that I use to evaluate that deal so that I can get a lot of leads, weed out the stuff that doesn't make financial sense and just focus on the one or two opportunities that we might of have gotten that week that look like they make financial sense.

You create a system and a process and it is very similar to like why does McDonald's have such success? Because that whole business was built on systems, built on a process. Instead of going to your local hamburger stand you order a Coke and the guy stands there for 10 seconds, 15 seconds filling up your Coke. You go to McDonald's and they push a button and for those 10 or 15 seconds while that Coke is being poured they are getting your fries ready and hence, they can turn more customers and make more money because they have superior systems. They can get the customers in and out of the door.

What I do as a wholesaler is much the same way. Instead of serving Cokes all we are doing is generating leads and then we are dissecting those leads; what leads are solid leads, which leads are crap leads, which leads work for us. So what we do is the exact same thing. What I'm going to be sharing tonight, Tim, is when we go through this and whenever you listen to this audio training you are going to get a lot of golden nuggets and I'm prepared to go through and dissect my business and give you really what works and what doesn't work. Because in today's market I think you'd agree, Tim, today's market is very different than say four years ago.

Tim: Absolutely. You mentioned earlier about doing transactions and your success on how well you are matching the sellers and buyers. Let me ask you; when you started—I guess a two part question. One; what was your average profit per deal when you started and now that you've gotten your systems and processes in place, what is your average profit per deal now?

Than: That is a great question. When we started our average profit per deal was about \$15,000. Where we're at now, our average profit is around \$27,000. So our average profit per deal is obviously gone up and that is two fold. The reason is really we got better quality leads. I mean there is no secret. Obviously we now negotiate a little bit better; we now understand how to influence sellers to get them to sign contracts at the price we're looking to buy that property for. Really it is just a function of getting more leads so now instead of focusing on some of those thinner deals, we only focus on deals that have a certain amount of profit.

Our average rehab profit that we do we're going to make around \$35,000 or more. Our average wholesale deal where we are just quick turning the deal to another

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investor we're making between \$15,000 and \$18,000. So you can see that just by getting better quality leads obviously we can make more money. That is the key and that's really one of the things that I teach a lot of investors around the country is exactly how to get higher quality leads and get leads to come in faster.

Tim: Great information, Than. Another question I would have is what would you do differently if you started today?

Than: Actually, that is an excellent question. Number one thing I would do as a beginner, and I made a lot of mistakes. Any real estate investor who has had any success has made mistakes. What would I do differently? The first thing is I would come up with an educational plan. When I started I didn't have an educational plan. I would go to REA meeting and my education was really based on what speaker they brought in that month to that particular REA. So I found myself the very first month at a three day asset protection and tax savings boot camp. Phenomenal information; the problem was that I was in my first month of buying and selling real estate and didn't have any assets, didn't have any money to protect.

There was really no path to my education. If I had to tell people starting out what are the essential areas to study the first thing would be marketing. You have to understand how to generate leads. You have to understand what I call direct response marketing. You probably want to write that down. When I talk about marketing campaigns today, everything we do is direct response. We create a marketing campaign to design and elicit a response from either a seller or a buyer.

When I market for buyers; what do I mean by direct response? I don't market just the property I'm looking to sell, I give them a reason or a benefit of why they should contact me, give me their contact information so I can stick them on my buyer's list for the future. So even if they're not interested in that three bedroom, one bath property that I might be selling, I still want them to contact me because they might be interested in a two bedroom condo or maybe two months from now I get a lead from a seller on a two bedroom condo that I can match them up with. So the way we market is direct response and you have to understand marketing.

The second thing is a lot of real estate investors when they start out they come from other professions. Some have sales training backgrounds and some don't. If I had to give people a key, you have to understand how to influence people and how to sell. I know that sounds funny because most people think, "I just have to understand the logistics of real estate." You better understand the logistics of real estate but you also better understand how to communicate and how to sell because at its basic level, you are going to be selling a seller on selling you their property under market value. That is something that is not natural for a lot of people.

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The second thing is you're going to have to be negotiating with contractors, you are going to be negotiating with private lenders, people that are going to be loaning you hundreds of thousands of dollars. You have to learn how to communicate on that level. You also have to learn how to sell buyers on buying those properties and if you're doing short sales you have to learn how to communicate with loss mitigation rep on the other side, the BPO agent.

So it is all influence, its all selling and for me that wasn't natural. When I started the real estate business I didn't understand how much you have to communicate. You have to communicate at a superior level and nobody starts out just selling. They have to start out learning; you have to learn how to sell over the course of the first couple of months in the business.

So if I had to tell you two areas to focus on it would be number one; how to get these leads to come in. The second thing is you have to have a base knowledge about real estate transactions. The third thing is you have to take some classes on sales training; you have to listen to some of the audio trainings that Tim does when people go through how to sell.

So those three things coupled together will really make you, I think, a successful business person and then at the highest level you then have to, once you've learned those three foundational things; real estate concepts, marketing and selling, you then have to learn how to run a business. I'm going to give you guys a great book and I know many people have heard of this book before, but this book was really influential in my life. It's called *The E Myth* and it's written by Michael Gerber. Now I know a lot of you have probably heard of that title, you've heard of that name. The question I'm going to ask you is have you read that book? So many people talk about it and its funny because whenever I mention the book everyone has heard of it but no one has read it.

Go through and read that book and what he talks about in that book is how to build your business, create systems so that you don't always have to be the one doing all of the work in the business. It is the difference between working in your business and then working on your business. Big difference. You know working in your business is the guy who owns a sandwich shop and you see him every day serving sandwiches. That is someone working in their business. Someone working on their business is designing a sandwich shop franchise and then going out there and opening other stores.

We as real estate investors I do everything. There are activities that we do and 80% of the activities you do as a real estate investor don't produce income. So you want to figure out how to create a system to outsource those activities so that you can focus on your 20% of the activities that actually do make money. Great, great tip if I were giving people who were just starting out, Tim.

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Tim: That's excellent, Than. I will second that recommendation and then take it one step further. I actually read the book twice before I ever did anything with it so not only read it, but actually read it and implement it. That would be an add on piece of advice for that because I'm notorious for that. I read that and say, "Oh, that's a great book," and then I don't always take action.

Than: I can agree with you there. I've read it twice as well. In fact the first time I read it the theory was great and then when I went back and read it the second time, the second time really kind of hit home and I said, "Okay, this is what he's suggesting. Let's step back." I'll give people an example of exactly what Tim is talking about. First time I read the book I had a theory, I understood the theory. But the application didn't really make sense.

I'll give you an example with real estate marketing. I'll give you two forms of marketing; let's talk about pre-foreclosure direct mail. I've been doing pre-foreclosure direct mail for six and a half years now. For the first full year of my business I was the one executing all of the marketing campaign. I was the one literally pulling the list down at town hall, I was the one licking, sticking, executing the campaign and it would take me somewhere between 10 and 12 hours worth of work to execute a couple of direct mail campaigns. Well, at this point in our business we don't do that anymore. What I do is I want the leads from the direct mail campaign but I don't necessarily want all of the work.

What we do now is we have a direct mail fulfillment house that I have a contractual agreement with that has all of our direct mail campaigns on file. Then what I do is I send them an email every single week with which campaigns I want to go out. I get them the list or they have some lists and now with literally an email and a phone call and about five minutes worth of work I get more leads from that campaign when I was doing all of the work. Now it does cost me a little bit more to have it outsourced like that but let's think about it; if you can do three deals as opposed to one because you're not doing all of the front end work, doesn't that make financial sense? It's an application and that's what the book taught me was how to take different processes within your business to another level. How to really automate it.

You hear gurus talking all the time about done for you automation and you have to look at as a real estate investor we do a hundred different things on a weekly basis we do a hundred different things. Your goal is to look at what are the main activities that just suck up my time and how can I create a system to get that done for me.

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I'll give you another example; private lending. We for years I would go on an individual basis and meet with private lenders. Basically it was like I was giving the same pitch over and over again. Here is how private lending works, here is your return on your investment; you are going to get 12% on your money. Here is what you are going to do. And I would sit there and pitch them and every individual investor it would take an hour, we would have an hour long conversation going through all of the objections they had instead of saying, you know what, why not just record this pitch. Why not record how private lending works. Why not give them a little video that they can watch just to peak their interest and then I only have to spend 10 minutes answering their questions as opposed to an hour. That is a process.

So what we did is exactly that. We used a little program, and you'll want to write this down, it's called Camtasia, C-A-M-T-A-S-I-A, and that is the web site. What it is is a little software that sits on your computer and any time you want to record something that you might do frequently; maybe you are recording instructions for an assistant to fulfill your direct mail. You can train them, do that training once, record it and then have them watch it because that assistant six months from now may not be there. Then you'll have to do that training all over again. It's the same thing with private lending. So we recorded that presentation.

Then what I would do I would just tell a private lender if they had some interest to go watch this presentation, learn about and then let's set up a phone call next week and we'll talk more about it. It just made what I did more efficient. That is just an example of a system that is going to help you be more efficient, allow you to accomplish more because as a real estate investor we get paid based on how efficiently we use our time. We don't just collect a W-2 paycheck; we don't just collect a bi-monthly paycheck every two weeks. It's based on how many deals we do, how profitable those deals are and how effectively we use our time. So the best exercise I can tell people when they are starting out look at how you use your time. Take a day and every 15 minutes write down what you are doing and at the end of the day you are going to look at all of those activities and realize a lot of those activities you're doing are not producing income. You might have only 15% producing income so you want to figure out how to get some of those other activities out of your life so that you can use and focus your time on what you consider to be your highest and best use.

That is kind of word of advice with real estate investors, just showing them more effective system to get leads, to wholesale deals, just improve their processes and everything like that.

Tim: Great stuff, Than, great stuff. Earlier you mentioned three steps that you use to evaluate leads on a deal. I do want to get back to that but before that can we cover perhaps say three to five of your favorite ways to find deals.

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Than: Definitely. In fact I'll give you my best ways; I'll talk about the campaigns that are most effective. Here is a piece of advice; so many people—pre-foreclosure is a definite number one of our campaigns. We attack those leads, because that's what they are, they are leads. We're trying to get sellers who are in pre-foreclosure to contact us. So we have three campaigns that we use for that. We use a direct mail campaign where we send a combination of letters and postcards; it is a seven step campaign that we use.

So I get the pre-foreclosure list and you can get this from a list provider or a list broker. Most states, in fact all states have companies that will put together a list of people who have a recent list pendant or notice of default filing and that is when the information becomes public record for investors to get their hands on. We get that list and then we market to it and so we do a direct mail campaign. We also do voice blast campaigns for the people who are on the—they can't be on the Do Not Call registry so we do bounce it against the Do Not Call registry to make sure that we actually can send a voice blast to them. Not all of the leads get hit and if we have a list of 100 people we might only have phone numbers for only 25, but at least you're contacting those 25 in another medium.

The third thing we do is we actually will have people every week drive and drop off packets to people's doorsteps. Just think about it, a lot of times this pre-foreclosure list is accessible to a lot of different investors. So in order to distinguish our sell in our area we want to get another form of marketing to them in a different application. That application and how we get it to them is we actually drive and have someone drop it right off on their doorstep. It's a pretty high response rate from that marketing piece that we use. That is a way that we go after foreclosures and we tend to try and market to different lists in different ways because not everybody responds to direct mail pieces. Some people respond to voice blasts, some people respond to the packet being dropped off.

So we get more leads from that sector because we do that. That's an example of how we do with pre-foreclosure.

Another great campaign for us is free and clear. We do a lot of free and clear mailers and in fact, in your area there is a plethora. I don't care where you live, you could live in Detroit, Michigan; you could live in San Diego, California. There are a lot of people in your area who own their property and they don't have a mortgage on it or they have a very small mortgage on it so there is a tremendous amount of equity. We wholesale these types of deals all the time and the way we generate the leads is that we'll do a direct mail campaign to a free and clear list of homeowners who own their property obviously free and clear or they have a small mortgage. Very effective campaign for us and if you're just starting out that is a good piece of advice to go after that campaign.

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If you are just starting out and you go after the pre-foreclosure niche as a wholesaler or as any type of investor, whether you're going to buy and hold, or rehab that property, most of the people that respond you're going to find overleveraged. In fact the majority, the overwhelming majority are going to be overleveraged. So you're going to have to do a short sale on the property before you buy it. Well, from the time you start, until the time you get that lead until the time you profit when you're working in the short sale sector and the short sale niche, it's going to be about 5 months. Let's be realistic; if you want to get paid and you want to get paid now, if you want to make money you go after a different type of motivated seller and that would be somebody who is an out of state owner or somebody who has equity in their home where literally responding to you next week, you could have that property under contract the following week and then the next 30 days you're looking to find a buyer for more. That paycheck is going to come a lot faster when you do that.

So when I tell people who are starting out I tell them it really depends on how quickly you need to get paid. If you need to get paid quickly as a wholesaler then you need to focus on a different sector of marketing campaign.

So those are good campaigns and some other good campaigns for us and one thing that most people don't target and there are two campaigns for us that have just been killer. We've kind of made our niche and one is fire damaged properties. Every time I speak at an event its always interesting to me, Tim, because I ask people and let's say I'm talking to a room of 100 people, just using some numbers, I'll ask all of those investors how many of them are doing pre-foreclosure. You'll generally have 15% to 20% raise their hand. Then I'll ask how many people are marketing in fire damaged properties. Very motivated seller attached to a fire damaged property and all they are waiting for is to collect their insurance check. I'll ask that same question and no one will raise their hand.

Although the numbers of fire damaged properties are obviously much less, this is a sector we really kind of made our niche and we find the list three different ways. We get the leads on properties three different ways; number one is we get a list from the fire department itself. If you make a contact down there—this is not a list they have to give you. It's a relationship list. What I mean by this is there is no public record for fire damaged properties. They do make this list and the fire department has this list of all fires that happen in your area.

Insurance adjusters obviously get this list as well and they get their hands on information so they can contact clients. They're trying to contact the same clients for a different reason.

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The third way is just driving around and making note of any property that's been recently burned and a lot of our contractors tip us off to properties that have been burned. We bought last year alone, we bought 11 fire damaged properties so I mean it's kind of a really profitable niche for us.

The last thing I'll bring up is probates. Probates for us have been a very solid campaign for years and what a probate property is if you don't know it is when someone passes away. Let's say they live in Dallas, Texas or Austin, Texas and they pass away. Well, the heirs to the property might live in San Francisco, California. A lot of times people that live out of state and the further they live the less they want to have to deal with that property. A lot of times the person who passes away is an elderly and a lot of times there is a significant amount of equity in the property. So we contact the heirs with direct mail. These direct mail campaigns, although the phone doesn't ring quite as often as our pre-foreclosure campaigns because let's face it, people in foreclosure have a timeline and they have to sell. So they have more reason to be motivated than somebody who just inherited a property. But when we do get a probate lead and we get a pretty significant amount of them, when we do get one, that person generally has some interest in dumping the property and there is a lot of equity so there is a good chance we are going to pick up that property from them.

So those are really four solid niches that we go after and have gone after for quite some time and had great success with.

Tim: Excellent. Good stuff. Now that we know four great ways to find leads let's delve into the steps that you use to evaluate the leads.

Than: Perfect. We go through three steps. We call it our—every process in our business has a name and these are names we just came up with and we find them to be effective and clear. The reason we came up with them and starting naming things is because I started hiring people and I needed them to understand all aspects of the business and I needed to train them within my own business. It's the same thing that I teach my students.

So we have three steps and we call it our Three Step Evaluation System. So when a lead comes in how is that lead handled. First thing we do is obviously we have to take the lead. We give our students scripts and we ourselves use scripts in the office and you can have anyone take your lead. Once you've taken 15 or 20 calls from sellers and I always tell people when you're starting out evaluating leads you have to learn how to talk to sellers and you have to learn how to pull information out of sellers so that you can make a proper evaluation of what that property is actually worth.

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So there are certain criteria that you need and so we have a script that we follow. This script is also online so anybody, you could drive this call anywhere and I can have a sales person or just someone answering the phone type in—basically ask the questions and then type in the information. That information for me goes right into a database so that I have a list of everybody who called, I can pull up a record of who called in the last 30 days as opposed to what most real estate investors do and what most real estate investors do is they print it out on paper and then they have a bunch of paper sitting on their desk. Really there isn't any way to organize the information, no way to search through the information unless you do it manually and you'll spend hours doing it.

What I realized very quickly is that information is valuable because a lot of sellers we have to follow up with, a lot of sellers we may find a buyer for that property six months down the road or two months down the road or two weeks down the road. So the first step is just gathering the information.

We then at the end of step one classify that lead. So is that lead hot, warm or cold. Hot means we should be making an appointment for that lead, going to look at that property. So let me give you an example of numbers; if 25 leads come into my business from sellers. These are 25 stellar calls from a myriad of different marketing campaigns; they might call off a banner sign, they may call off a pre-foreclosure letter. Just 25 leads come in. We're only going to go look at, either myself or someone in my office, is only going to go look at four on average, three to four of those properties. Because the rest what we do is in the second stage is we do a quick, initial, value check. So the beginning of the second stage we're running comps but we don't run comps, print them out, analyze. We run comps literally in about five minutes figuring out if this has the potential of being a good deal. At that point we will weed out 80% of the leads; 80% are just not good deals, there isn't enough of a spread, they are too risky. Maybe the seller wants \$.90, \$.85 on the dollar. We're looking to buy properties that have significant spreads.

I call ourselves professional cherry pickers. That's all we are. So we are looking for where the seller is literally looking for \$.70 on the dollar or less on that property and we know if we show up in person we might be able to negotiate to a greater discount. So we kind of a criteria about what makes it to the next step. So 80% we weed out so if we were looking at let's say we were looking at 100 leads, we would only look at 20. We would only look further at 20. Now that does not mean we're going to visit all 20 of those 100 leads that come in. What we're going to do is then we're going to do what I call a--and a lot of realtors know it as CMA, or competitive market analysis.

Basically what I just call it is running comps. We put together what we call a comp package and this is a package of comps in that neighborhood that are all

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within a half a mile radius, that have sold within hopefully in the past three months to six months and are within 20% of the square footage. So I have this criteria of exactly how I want my comps run. And I teach our students the same thing and they do business the exact same way, exact same model, exact same process. I mean it's like a cookie cutter process you can use. It is highly efficient because you're not wasting your time on junk. So many beginning real estate investors will spend like two hours, five hours, a whole day analyzing a bad deal. We spend like five minutes. Our focus is if we're going to spend any time it's going to be focusing on getting more leads.

So what we do at the end of the second stage we have a comp package and at the end of that stage we decide whether or not we're going to set an appointment with that seller. If we're on the phone during the first stage with the seller and they are super motivated then we're going to have an appointment set already. So we'll set an appointment to go look at the property.

Then the third stage is actually driving by the comps. What we do in the third stage of evaluating deals is we'll drive by the subject property and then we'll drive by the four or five comps that we've pulled that have closed. We will also drive by a couple of active comps, comps that have not sold yet but are actively being marketed and then we'll drive by a property or two that's on the positive. That way we have a feeling of what that property is worth, what it will be worth when it's fixed up, we know exactly what we're going to offer before we go meet with the seller and we might adjust that by \$5,000 to \$10,000 when we get inside the property because we see maybe the inside is a little worse than what we expect. But we have an idea, hey I'm going to open with my opening offer of \$100,000, I'll go up to \$120,000 and that's when the deal gets too thin. So if the seller isn't willing to accept \$120,000 we'll just say hey, we'll follow up with you and maybe over time they'll be more motivated to sell at the price we're willing to offer.

So to use it's just a numbers game; it's pure numbers and anybody who looks at it any way differently you are approaching the business from the wrong standpoint. To us it's just a number, it's a number and we have to get the property within this value and if we don't we walk away. It's pretty clear cut.

Then the last final step is if the seller agrees to our offer we sign the property up, we'll put it under contract. If you are doing things out of state and you're not looking at the property well then you should look for bigger profit spread. People talk about investing virtually and I'll tell you, you can do it. It's tougher to do that when you're starting out because you can't see, feel, touch, analyze the property the right way. You'll have to rely on pictures, you're going to have to rely on somebody else going out there and taking a look at it. Can you do it? You bet, but you are going to miss out on a lot of the deals that you might have

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done because you should be buying with even more significant discounts if you do it virtually.

The realistic way that I tell people is you're going to have the most success in your own backyard when you're starting out. And don't tell me your market; you can't do it in your market. We have students in Detroit, Michigan, in my opinion the worst market in the country, wholesaling every single day because it's just a matter of values. We buy in any neighborhood and if the neighborhood is banged up and there are boarded up properties in the neighborhood, then instead of buying at \$.65 on the dollar or less, we're going to make an adjustment and buy it for \$.45 on the dollar or less. We're just going to look for bigger margins in rougher neighborhoods.

If it's a cookie cutter neighborhood, then I might buy a property at \$.60 and turn around and wholesale it at \$.70. So that is really what we've done and we've done very, very well with it and that's exactly what we teach our students using our system to do the exact same thing.

Tim: I know that you wanted to get into detail on marketing online to find the buyers and just finding buyers in general. So let's skip some of the details of actually signing the property up, I know we could talk for days about those specifics. I want to make sure that we allow plenty of time for you to go into one of your specialties which is finding buyers. Let's go into that area.

Than: Definitely and I know this is something, Tim, that you understand like I do. Your members and people that are listening to this audio right now understand you have to find buyers in today's market and you have to be good at it.

What I mean by that is you have to understand how to tap into the power of the Internet because the majority of our buyers we find online. The ways that we do it; we have a lot of different ways that we do this, but essentially the approach that I've taken is it's a lot easier to build a buyer's list and just go after pure names, emails, ZIPs in your local area and just build that list. Then market your properties to that list and then every time you get a property you just go into a full out marketing assault to sell just that property.

What we do is we really at all times we have two forms of marketing. The first form of marketing is just different strategies we use online to build our buyer list. The second strategy is when we have an individual property that we are marketing we will have a marketing plan for that property. So let me talk about how to tap into the power of doing things online and this is paramount.

Right now 80% of buyers start or involve some sort of online process to buy a home. So meaning they are looking at homes online, they are searching for

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homes online, they are just perusing different web site. Somehow in their buying decision they are involved in the Internet. So you need to have a presence to capture these leads. This is something that we've made our competitive advantage in our area.

For example; what do we do? Let me give you a couple of examples. We drive traf—it's two fold; when you want to have a presence online you need two things. First thing is you need to drive traffic to a particular web site. So you need a web site, obviously, but you need to learn how to drive traffic. So many people have sites that just sit out there and nothing happens. They never get any leads, it's just like great, you have a web site but if you don't learn how to drive traffic to it it's pretty much useless.

The second thing is when get to your web site you have entice them enough to be able to capture their information. Many of you have signed up for REIClub by putting your name and email into a box and hitting submit. You wanted to learn about how to invest in real estate. You wanted articles, audio trainings and you're smart. You're a smart investor and that's exactly how I started getting educated is by going through that same process.

Well, imagine taking that process, that exact same sort of process and imagine taking that to your site for people that are looking for properties. We do the same thing; what we do and we do it two different ways. We offer up free information on what we call lead capture web sites. These are not what I call brochure web sites. Brochure web sites, like we've all been to brochure web sites where you go there and read about a company or read information but you just read and click off and you don't ever take an action.

Lead capture web sites are designed to take one specific action and that is give away something for free and in their name, phone, ZIP and email into a box so that you can now add that person to your buyer's list. That is all we do.

How we drive traffic to these sites is we use videos, we use articles, we use Craigslist ads, we use other online classified ads. We do a lot of different things; we do ad words, things like that. The majority of them are free.

I'll give you an example; we use a site called TwoMogul. TwoMogul is a site that—let me rewind. If you wanted to use a video ad, a little video commercial you could take with a handheld camera. A lot of people have flip cams they call them and they are just little handheld cameras and you take a video. You say, "My name is Tim Randle and if you're looking to sell your property where ever it is, Seattle, Washington, give me a call at this phone number and go to my web site if you want some more information." A certain percentage will just pick up the phone and call you. A certain percentage will go to your web site. If you

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want to make it totally hands off, don't have them call you. Just tell them to go to your web site.

These videos can be posted to sites like YouTube, Bible, Video, FiveMin. There are all these different web sites out there that host your video for free. So the only cost involved in this is obviously the cost of purchasing the camera to take video

which many of you already own.

What we do is you can load those videos up to different sites and then what we do is we key word optimize. So when somebody types in "Stop Foreclosure," if you live in Los Angeles, California, what you would do is, or if you live in Englewood, California, let's say. You type in, "Stop Foreclosure, Englewood, California," and you tag that to the video. What a tag is a description of what's happening in that video and that's when somebody types in, you know, "In Foreclosure," and they are trying to figure out how to stop foreclosure in Englewood, California, well their computer has what they call an IP address and an IP address recognizes where that computer is. So they are sitting in Englewood, California, they bought their computer at a Best Buy in Englewood, California and they are in foreclosure. So they go to Google and type in, "Stop Foreclosure," and what happens is there are a bunch of different listings that it will pull up. Now there will be national sites, but there will also be local search sites that show up. Same in when you type in, "Find Pizza Restaurant," and you live in Tampa. It's going to pull up pizza restaurants in Tampa, because it's a local search. So you are competing on a local level.

So somebody types in "Stop Foreclosure," they click on your ad and it's a video and you are telling them exactly what to do and what site to go to and the reason it's up there is because it's on these different video sites. Write this web site down; it's called TubeMogul.com and what does that site is a video distribution site. So it distributes your video all over the Internet to YouTube, Vidler, Vimeo, right? All these different sites, DailyMotion. All of these are video hosting web sites and YouTube is obviously the biggest. So that is something that basically you can distribute your video and then you keyword optimize it, tag the video the right way and all of sudden people are going to watch your videos and they are going to your web site. And when they are on your web site what we do is we always offer up free education for real estate investors in combination—we always offer two things. This is what—you can offer up your little brother as an offer. Well, maybe not a good example. You could offer up—here is what attracts real estate investors; the potential for deals. So we always say, hey if you're looking for the hottest deals in New Haven, Connecticut or the greater Connecticut area. When you go to our site that's what it always says. If you're looking for hottest deals in the Connecticut area put in your name, phone, ZIP and email right here in the box. Because everyone wants a deal; everyone wants to

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make money. That's why they are investing. Let's get to the bottom of it; people want money so you show them the prospects of making of money.

The second thing they want is education. They want to know how to do this and so what we offer them is like a free report on how to save \$10,000 on the purchase of your next home, your next investment property. Little free report and something that can be digitally downloaded in exchange for their name, phone, email and ZIP. Then when they click on the box the next site asks them for more information, right? But at least we have their basic information and they've gotten something for free and you've created some value in their life and now they are on your buyer's list. One month from now, you get a hot lead on a probate property, you put it under contract, you send out an email to your buyer's list and you just made \$30,000. How did you find that buyer? By using little techniques just like that one.

Tim: Awesome. That one little tip right there that is enough for the whole shootin' match. Sweet.

Than: Sweet. And that is really what education is all about, folks. That is why you want to continue to tune into what Tim—these educational—I mean if you only get one thing, guess what? That one thing can make an extra \$30,000. That one tip can make you an extra \$10,000 coming in the door this year. That's what education does for you. It took me forever to figure that out. Took me forever to figure out the whole process. If I can describe to you the process, give you the tools to be successful with it, you know we give investors the sites, we have videos on how to drive traffic. That is how we help investors is we show them what I tried to describe and words we show them in video and they just watch and copy and paste and execute and that's really—you don't have to reinvent the wheel. You just have to be smart enough to figure somebody who's been doing it before you and copy exactly what they are doing, have the same level of success and then pretty soon you'll be living in a life of a lifestyle you never dreamed possible.

It is a realm of possibilities and applying yourself to be successful.

Tim: We still have some time left. Do you want to go into some online techniques or should we move on to some other topics?

Than: I could sit here all day giving this stuff. Let me give you one more good one. There is a web site called Postlets.com, whenever I do an audio I can always see everyone scrambling and writing down the wrong thing, so Postlets.com. What this site does is it creates little property flyers and every one of you has seen. You've typed in like search for properties where ever you live, Tuscaloosa, Alabama. I have no idea how to spell Tuscaloosa, Alabama, but for some reason it just popped into my head right now.

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An investor in Tuscaloosa types this in and they start to filter through the Google results and they click on an ad and what happens is they will be driven to Craigslist and there will be this really fancy flyer about this property for sale in Tuscaloosa. What that is and what program makes that flyer is that web site, Postlets.com. So Postlets creates property flyers. What you can do on Postlets, it's a dirty little trick, but it's pretty easy to do, you can create on Postlets—you don't have to have a property for sale, you just put a bunch of pictures of properties. You don't have to put a ton of pictures, just some pictures of properties. Then in the copy it lets you describe what that property for sale and what I do is I put, "Hey if you are looking to find significantly under market value deals," the same thing I describe in my video, the same thing that is going to attract real estate investors, they are attracted to money, show them the prospect of making money. So I tell them to go to this web site and you can put a web site link right in the flyer. So you create this flyer on Postlets and what Postlets does it can distribute it. It's like a flyer distribution center. Instead of video distribution center it now distributes these flyers across the Internet so that you keyword optimize them and so that people can find them.

They click on your flyer and they think this guy must be selling a lot of properties. Let me go to his web site and check him out. So they go to your web site and you tell them the same thing, what is your name, email, phone and ZIP in the box and I'll send you this free report and by the way we have the hottest deals in the greater Connecticut, or the greater Tuscaloosa area and if you want to get put on our buyer's list just put your name in here.

There are going to be a lot of people that want to be put on your buyer's list and they'll fill it out and now you have another person. It's just numbers. I look at buyers as numbers and the more people I can have on my buyer's list the easier it is for me to advertise a property that I've put under contract. That is how we get a lot of these deals sold is doing things like that. So that is another golden tip you guys can use to bring in leads from buyers.

Tim: Alright. Good stuff, Than. Let me ask and this more of a generic question; what are several tasks that you do each day in your business to help your business continue to grow and improve?

Than: Great question. First thing that I tell all beginning investors is you need consistent education. That sounds generic, and people are like got to get educated. Obviously.

But what a lot of people do is they do it very inconstantly. They never take enough time to slow down to focus on their education. So what they do is they end up going to a four day seminar and then for the next 26 days they do nothing

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to educate themselves or to follow up. They just figure its four days—for me it's consistently. What am I learning everyday. I call it my Power Hour. What I'll do is sit down once a day and I turn my phone off, its like I go into a cocoon and I call this my educational cocoon. I will have a focus for that week and I'll say I'm going to learn to master video. This might be your education for the week; I'm going to learn what Than is talking about.

So you go in there and might watch a couple DVD trainings on video. Then you might go the next day and you just going to read articles on the Internet about video. So many people skip around and become basically a jack of all trades, master of nothing. For me I realize as a person with ADD, I have ADD and I have a tendency to take on too many projects and this one of my weaknesses. I need this, I need to literally set aside time and say what do I need to implement now and I'm going to spend this week learning about it. So I take an hour every day, even if I have deals blowing up, even I've got—things are always going to be going wrong in your business and so many people get caught in the day to day that they never take a step back and say how can I actually grow my business.

What I've realized is when I physically force myself to set aside an hour a day and you don't have to an hour. For a lot of people that are employed this could be 30 minutes, 15 minutes. Just take that time to focus on something educational and then have a rule to what you want to do. I'll take it in weekly chunks and focus on one thing so that I can basically master it and hopefully implement that within my own business. That is something that has been very, very successful for me.

Another technique is time blocking. These are general business techniques but they apply to us as real estate investors. I try and take my time and block off time where these two hours I'm just going to follow up with sellers. This hour I'm just going to work on building my business in this area. I have these blocks. I'm going to check my email from this time to this time and I do that twice a day. Otherwise you are literally wrapped in your in box. People's inbox for their email consumes more of their time than any one thing. For me this was new to me as a business owner I didn't realize how much time you can spend on your in box.

So it's doing things like that and that's another really good tip and the third thing I would say is the way real estate is going is it's going online. More and more people are finding properties online. In fact I just heard my business partner told me he went down and he heard and listened to the head of marketing for Century 21 and Century 21 is obviously a huge, huge real estate agency. They have franchises all over the country. I don't know how many thousands of agents they have. The head of marketing for the company said that they are shifting their budget, 90% of their budget is going online. When I hear something like that, someone on that level who controls marketing, millions of dollars of marketing, is putting 90% online, that should be an indication that you should follow suite.

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So if I were to say I think 80% of your education should be online, how to find buyers and sellers online and for a lot of people that's not a strength. When I started online I didn't even know how to search online. I was a wheeler and dealer on the phone. That was all I was doing was putting sellers together, buyers together, appointment book, desk was mess. But I realized it could only go so far running my business that way and so I started to refocus some of my time online and go educational conferences online and things like that. I just got back from a two day conference, I mean I am a student; I am a student and I'm always learning from somebody.

I went to a great conference on online marketing and it's OMMA Conference. Great conference that I went to and just studying concepts about how to drive leads online. That is the way real estate is going. More and more people, if you are an agent doing direct mail—let's say you're a real estate agent and that's all you do, you are going to be a dinosaur. You will be dinosaur and you will be extinct. I really mean that. I won't beat around the bush. You will be a dinosaur. I'm not trying to scare anyone, I'm just trying to tell you this is where it's going so you better catch up or be left in the dust.

If I were a new investor I would spend a certain amount of my education on online and that is something that I strongly encourage our students to do.

Tim: Alright. Great stuff. How about any last minute comments or wrap up comments.

Than: Definitely. What I tell people is I look at our successful investors and we have students who have all varying degrees of success and anybody who tells you that they have students are 100% successful is full of it. There are certain personality types that just are afraid of their own shadow.

What we try and do is we try to work with students and get them on the right path of success. I look at our student body, and I look at the people who are just having outrageous success and in what most people would consider a terrible real estate market where they live. What are they doing? Really it's a matter of three words and write these three words down; it is the speed of implementation. You can learn and educate your whole life and you'll never learn it all and you can become what I call a full time real estate graduate student meaning you are smart and you understand the business but you necessarily haven't applied and made any money.

My mom always told me to go get my MBA and she was from the old school. I went to a good school and I say this jokingly, because I know an MBA can be of

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great value and, Tim, you might even have your MBA so I am not—do you have your MBA?

Tim: No. When I found ten of the 12 classes were going to involve group projects, I passed.

Than: What I tell people and this is my opinion and it may sound somewhat—I always tell people an MBA or PhD is for people who don't know what they want to do in life. That's why you hear about people who don't even graduate from—obviously education is a great thing, but you hear about people who don't graduate from high school who go on to be multimillionaires. The reason is that they are smart people and they realized that institutions of higher learning are a lot of times taught by professors. Taught by absent minded professors who understand theory but haven't necessarily applied it in a business realm.

If you are looking to get into real estate you are a business person; you're an entrepreneur. Your self education is the most powerful thing you can do but the self education coupled with implementation. You have to become a person of implementation. So the speed of implementation. Those three words will determine your success and what you have to understand is that has nothing to do with your background, how much money you've made, it has nothing to do with where you are at right now. What it has to do with is from the time you learn something to the time you apply it how long is that period of time.

So if you are listening to this call tonight, I've given you some good items, I've given you Postlets, I've given TubeMogul. There is going to be a certain percentage of people that go out there and say I'm going to learn that. I wrote these things down and I'm going to go learn and apply what Than is teaching. Then there are people that are just going to tune into the next call. Those people will always be what I call the graduate student of real estate. It's the doers that have a lot of success so I want to refocus you and at the end of this call right now the things you've written down go spend a couple hours on these sites that I've been talking about. Learn how to get further education.

Those are the things you do; education coupled with implementation, circling right back to education, coupled with implementation. That is the path to success in today's market.

Tim: Well, Than, I have to say anyone who writing fast enough got tons of good content. You've given some fantastic tips and strategies and resources for the listeners and I appreciate that. I know that they do, as well. My guess is that just because you are so full of information that there will be folks that want to go further with this and get in touch with you. Would you be willing to share some contact information for them?

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Than: You bet. If you are listening to today's audio what we do is webinar trainings with students twice a month. I would be happy to do is if you want to tune in and we always let students know ahead of time what training we're focusing on, go to our web site. It's www.fortunebuilders.com. You will see a box where you can sign up for our webinars. These are educational webinars and I'll pick a specific topic and then I'll cover it and I do it twice a month with our student base and pick a topic just like video ads and teach that for an hour and half.

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Tim: Again, Than, thank you very much and I know you are extremely busy and we were happy to get on your schedule and excited that we can get this information out to our listeners. Again, thank you very much. To the listeners, thank you for joining us. This Tim Randle with REIClub.com signing off. Good investing to you all.

Than: Thank you everyone.

Tim: Bye.

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