

Finding Creating GOOD Real Estate Deals

Many new investors are often troubled by the apparent lack of quality deals out there. Any novice real estate investor will tell you that there are thousands of new investors entering the marketplace all the time and that the good deals ALWAYS go fast! If you are going to compete amongst investors who have more time, money and experience than you, you HAVE to be able to act quickly and decisively when it comes to buying property. While I have been in competitive situations, they are not my favorite style of purchasing property. (When I SELL property, of course, I love a good amount of competition!) The only redeeming quality about a property that is “hot” and has multiple offers, is that often (but not always) it validates that fact that you have found a “good deal.”

Of utmost importance is the need to work **ONLY** with motivated sellers. This is a recurring theme in most professional books and courses on real estate investing. Don't overlook it. Do not take it lightly. The motivated seller is the PRIMARY factor in creating a good deal for you. If you run across a property that has an unmotivated seller attached to it, it is very unlikely that you can “buy right.” (Meaning purchasing the deal with enough built in margin in order to realize a quick profit) The property could look like a diamond in the rough, but if the seller is not motivated enough to allow you to make a profit, take a pass. Otherwise, you'll end up with an expensive hobby instead of a profitable enterprise.

Let's talk about one source of motivated sellers that is often overlooked by the seasoned investor. It will take work, an investment of time and money, but normally has little competition. This hidden source of motivated sellers can be one of your biggest moneymakers ever!

People who own property in your area or town, but who live out of the area, are great leads for three reasons. First, the owners have to deal with their property long distance either as a rental property or as a vacant property. This means a larger potential for more issues, headaches, hassles, tenants, and bills for them to deal with.

Second, they may already have another place to live in their new location. This means that they do not absolutely have to have all their equity out of the property. This fact may enable you to structure terms allowing for more creative financing and less of a down payment (perhaps NO down payment). This may allow you to create a lease-option, 2nd mortgage, and contract for deed or one of many techniques used to protect your cash and create a deal.

Third, most times you are the ONLY person talking with them about buying their property. In addition, any time you are the only buyer around the price *should* drop and the terms *should* become more flexible. (If neither of these items becomes flexible, you don't have a motivated seller and should immediately move on to the next deal...immediately!) However, if the seller is open to realizing his equity over time (secondary financing, lease-option, etc.). This means you will be able to structure a win-win moneymaking deal for the both of you.

Find your raw material

The best part about out-of-state owners is that they are easy to find and inexpensive to contact. You simply need to find your target property in your town where the tax bill is being sent to an out of state or out of area address. This usually means that you have found yourself an out-of-town owner. Depending on your county, the tax records, which are public records, you may find the owners phone number too! In some instances, you will find the owners are listed as a "Trust." This type of deed recording is used for many reasons, anonymity being one of them. This does not mean, however, that you should delete them from your list. The Trustee is responsible for being the buffer between the beneficiary and the public's prying eyes (yours). Put these on your list and monitor your results. You can do your own research in your local county records (too time consuming) or you can just buy the names, addresses and phone numbers you want.

Locate the Owners

Contact a local information source or list provider. An information source provider is a business that has collated all the data on county property information into a database that is easier for their customers to access. Delivery of this content can be through email, download, or a written report. If the source provider doesn't have this information readily available, you can ask them to create a list of out-of-state owners for you that you can buy from them. Typically, this costs between 10-15 cents a name. After you have done your first deal, you will find out how much money you can make by buying properties at incredible prices and terms. You will realize that this could be one of the least expensive marketing methods you'll ever utilize.

Find an information source provider

1. Online you can try the following sources: www.infousa.com www.zapdata.com www.melissadata.com
2. You should also check at YOUR local courthouse and see if there are any local companies that are familiar with your county. Often, they may be more accurate and cheaper than a national provider.
3. Call up the local REIA in your area (Real Estate Investors Association) and ask them if they know of any local providers. For a list of local REIA clubs visit www.springboardcorp.com
3. Call up a few area appraisers and ask them whom they use.
4. Make friends with a realtor in your area and through them gain access to the MLS which is nothing more than a huge property database. In many areas, the MLS is tied into the county tax records, which means your real estate agent contact can pull out-of-town owner lists together for you.
5. Data Quick (800-863-4636). They are a huge nationwide company and charge more than

most local and regional providers. So use them only as a fallback option.

6. Contact your local county recorders office and ask them either if they can provide you with access to their records via online services or cd-rom or if they know of any companies that provide you with this information.

When you get your names, send out a letter or postcard to entice interested owners to call you. If you choose this route, you can feed these incoming calls into a "24 hour recorded message." This message should be 60 seconds of the biggest benefits you can offer to an out-of-area seller. The sole purpose of this message is to motivate the seller to leave their name and phone number so you can call them back. However, if you have the means (either live or an answering service) you will definitely have a better response rate.

Call!

The best way to turn your list of out-of-town owners into cash for you is to pick up the telephone and call the owners direct! Your conversation will go something like this:

"Hi this is John. I'm an investor in (your hometown) and I have your number here as someone who might be interested in selling a property in the area. Is there a reason for us to spend a few minutes talking about that or not? Oh, there is... can you tell me about your property...?"

The biggest objection you will get on the phone is, "Where did you get my phone number?" Just tell the truth:

"I hired a researcher to put together a short list of people who owned property in areas I'd like to buy. They gave me the list and your contact information was on it. Is there a reason for us to spend two minutes talking about me buying your property or should I cross out your name and never call you again?"

Of course, you have noticed the use of the negative sell. I have found that this approach will give you the best results. If you want to perfect this sales technique, read "High Probability Selling" by Jacques Werth and Nicholas Ruben. It takes away ALL of the pain of selling anything from an appointment to an office building.

Putting the deal together

The final secret to putting together a deal with an out-of-town owner is to slow the whole thing down. Things can go fast on the phone, and you don't always have an opportunity to make small talk and build rapport. Make sure you don't ask too many detailed questions on the first phone call. Things like what the loan balance is and what the monthly payments are are better left to the second phone call.

The first call is just to find someone who is motivated to sell. You need ONLY establish that they would like to sell and that they have some flexibility on the price and/or terms. The second thing to do is to establish your follow up with that person PRIOR to hanging up. Don't

say, "I'll call you back in a few days." Establish their motivation, and set the next appointment. Once you find that person, and set the next appointment, get off the phone with them fast. Tell them you'll drive by the property you will call them at the agreed upon time to talk further. Be sure to confirm that appointment. If you can get an email address, even better. Send them an email reminding them of the call a day or two prior. The added professionalism you portray will help to create a picture of confidence to your clients and prospects.

Then on your second call, you can get into the details. This allows them time to get to know you and feel comfortable working with you.

When you do come to an agreement, OVERNIGHT them the contract. Put a return overnight envelope from the seller back to you inside and make sure it is PREPAID. This helps to create a sense of urgency and professionalism on your part.

Buying and selling real estate over the phone is peppered with issues and challenges. Most perceptive sellers will be cautiously circumspect. Assure them that your agreement (never call it a contract) has adequate clauses for both attorneys to insure that both parties are treated fairly.

When it comes to earnest money, NEVER send a check to the seller. Always deposit the earnest money with YOUR attorney or a local title company. Then, send a copy of the deposit or check to the seller for validation. His attorney will most likely verify this for him, but you don't want to leave anything to chance. Do it yourself to cover your bases.

Finally, make sure you arrange a telephone appointment time with the seller the day they get the agreement. This way you can talk with them about any final issues that will most likely need to be resolved.

How effective is this strategy? By simply reading about it, you will never know. Your personal action and taking the first step can be the catalyst for dramatic, positive change and profit with your real estate business. Start today!