

## CHAPTER 3

### FINDING BUYERS

You're probably wondering why I am talking about finding buyers so early in the eBook. Well, it's simple. Most investors, new and old, have the hardest time finding buyers. You have to understand that you can't cash any checks until you sell something, except in the rare case that you're actually paid to take a house Sub2, which does happen, but we'll talk about that later.

Finding buyers is probably one of the most relevant searches involving real estate investing on YouTube and Google. So many different people tell me they do the same old thing to find buyers. Well there is a reason for that, and it's because it typically works. What doesn't work is you are keeping yourself from becoming successful! Now, I'm not going to turn this into a motivational speech but it's the complete truth; if you do not have any buyers, it's your own fault!

"But I don't know how or where to find them" you say. Well that's just a copout! It's been shown that 2 out of 3 people are either looking to buy real estate or know someone that is – think about that! I bet you probably know a neighbor, relative or a friend that is either looking to buy real estate or they've mentioned to you that they have a friend looking for real estate.

The problem has been you all this time. You are now a real estate investor. Start acting like one! Do you think a real estate investor doesn't tell everyone he knows or meets what he or she does? Of course they do! Why? It is because if someone doesn't know whom you are and what you do, how in the world are they going to buy from you or refer someone to buy from you?

So much of my business is now done from referrals. Can you imagine how easy it is to close someone when they've already been closed for you, by the person who referred them to you? It's amazing how many times I've talked to sellers and haven't realized that they were sold 20 minutes ago, but I just kept talking while they were waiting for me to break out the paperwork and show them where to sign.

Enough of the shenanigans; let's get right into it. There are millions of ways to find buyers; I'll talk about a few of them here and later on I'll randomly give more ways in the newsletters for those of you that have signed up for the monthly subscription.

Let's break it down to the simplest way in terms of finding buyers; I know this will sound strange and upset some of you expecting to get some great secret to finding buyers, but it's those people that somehow refuse to do this and then wonder why their neighbor bought a house from someone else.

Ask everyone you know and meet if he, she or someone they know is interested in buying real estate!

I know it's elementary, but I swear I meet so many new investors who do not do this. When they ask how to find buyers, I'll ask them if they've asked their own friends and family; none of them have and I get the feeling none of them will.

So quit acting as if you are above asking your own friends and family! I don't care if you think your family is broke or Uncle Frank hasn't bought a new pair of pants in 30 years. Ask them and, while you're at it, ask them if they would be interested in earning a better return on their money than what's in their bank account. That's something I plan to touch on later in one of the newsletters; however, if you follow this system you won't need private money at all, for that matter.

Okay, so now we have the elementary stuff out of the way, you've asked everyone you know and you've asked them to ask everyone they know, let's get into some other methods.

### *DIFFERENT LISTS!*

What I mean is most new investors think they only need a single list; they don't stop to think about breaking that single list down into different components.

Think about it; if you have a list of 10 investors and/or buyers, do you think they would all be interested in the same thing? Of course not! You've got to break it up into different groups. Here's how I break my lists up:

- Agents
- Buyer's Agents
- Mortgage Brokers
- Landlords
- Rehabbers
- Fix & Flippers
- Turnkey Investors
- Foreign Investors
- Wholesalers
- Last but not least, Bird Dogs!

I know, you're thinking why do I have foreign investors, wholesalers and bird dogs? Well first off, if you don't know what a bird dog is, don't worry, we're about to get into that.

Here's why I have those on my list. Foreign investors have more money than we do! Realize that so much of our banking system is comprised of money from the Middle East and China! Scary isn't?

Now, what's odd is that foreign investors have the hardest time getting loans (I know it sounds funny, but it's true). I'm not necessarily speaking directly about "persons" living

outside the USA; I'm actually talking about immigrants to this country, like your friends and coworkers who migrated to this country to obtain a better future.

Don't get me wrong, I'm not trying to alienate legal immigrants, all I'm saying is these people are regular, normal people just like you and me; however, they have the hardest time getting traditional loans in most cases, even though they've lived here for some time and have a boat load of cash in reserves. Why not exploit that to your benefit?

Before you start picturing me as some hater, I'm going to say we'll come back to this, as I want to talk about the buyers list in the same order as I wrote them earlier, so let's get back to that and get started.

### **Agents**

These are generally good people who have been a little misguided or brainwashed. I'm not going to go into whether they are evil or not, because there are far too many good agents and I can't stereotype them all. Let's just keep on topic and find out why I have them in a separate list.

Agents are agents; they are motivated by commission, the same way we're motivated by cashing checks, so do you think for one second if you met an agent and asked him or her if it would offend them if you emailed them properties that you'll be selling FSBO (For Sale by Owner)? Of course it would not offend them, and the great thing is that you can literally cold call agents right out of the phone book all day and do this.

It's easy and there really isn't a script to it; just get in contact with them in the way that you choose and ask them, "Would it offend you if I emailed you properties that I plan on selling FSBO?"; that's it! They'll say, "Of course it's ok! Here's my email address!" Now place that into your agent list.

There are a few things to keep in mind. These agents are trained/brainwashed and they will almost without hesitation try to have you allow them to list your property on the

MLS. Don't do it! Think about it, you're selling a property and now have to take a percentage cut to pay them and all they're going to do is list it on the MLS and "wait" for a phone call? Please, give me a break!

On the other hand, if you've built a relationship with one of the few really good agents and they actually work for their commission, then by all means, scratch everything you have read here and let them sell your properties for you. A good agent is truly worth their weight in gold.

Now that we've built up our list of "agents", you're going to want to add and subtract from that list as you move on, randomly check in with them via phone or email and just let them know you are still alive; constant follow up is key and I'll explain later on about that.

One last thing I almost forgot! Whenever speaking with an agent or buyer's agents, never, never forget to ask if they have any cash buyer clients! You'll be amazed how many will say yes.

### **Buyer's Agents**

You're probably wondering what the difference is between an agent and a buyer's agent. Well, there isn't one, except that a buyer's agent only represents "buyers." That's our keyword right? See most agents represent both sides in a transaction, but buyer's agents only represent whom we really want. That's why they get their own separate list. You do the same thing with buyer's agents, but I usually add a little twist to my relationship building with these agents.

I get them to know me as the "owner financing guy" and what I mean by that is dealt with a little more later on. You see, buyer's agents are smart too, they know how to make sure they are not wasting their time with their client, they will always (again, without hesitation) have their new client get pre-approved and, most of the time, the buyer's agent already has a "friend" who's a mortgage broker.

The great thing about that is if you become friends with buyer's agents, you'll get to know a lot more about the buyers than you really should and I'll explain why that's good in the section on exit strategies.

Again, the idea is this: when I'm cold calling realtors or networking, I ask them if they only represent buyers or both; most of them will say both, but you'll get plenty that only represent buyers. From my experience, the buyer's agents are more experienced and work mostly off referrals. Since they've been around a long time, they've got a constant pipeline.

### **Mortgage Brokers**

I know that phrase seems as though it is from the past, considering our last market downturn and all those brokers that were making money hand over fist putting people in bad loans (let's not get into whose fault everything was).

Honestly though, it seems like more and more brokers are getting day jobs, moving their offices into their homes and even selling loan modification packages and credit repair services just to supplement their income. That's fine; you can't fault a person for trying to survive! We, as investors, offer them something very useful though!

Mortgage brokers obviously do most of the legwork qualifying a buyer and, in most instances, the buyers they come across don't qualify for traditional financing. What we do as investors is offer that broker the ability to place that client of theirs in a home of ours under Lease/Option terms. What are those? I know we haven't really touched on that, just know we will later.

Again, we're offering mortgage brokers an additional tool for their belt to use in helping their clients obtain a home. The same thing applies here. Cold call them, network or whatever is you feel comfortable doing, and get in touch with as many mortgage brokers (as few as there are left) and ask them if they would be offended if you notified them of properties that you are selling that might interest some of their clients unable

to obtain traditional financing. Now, you might come across one or two brokers who don't have a clue and say no, but I doubt that; I'm almost positive every broker you speak to, as long as you explain yourself correctly, will be more than happy to be notified by you.

## **Landlords**

Ah, the good old landlords - these are tough individuals in my book! They deal with troublesome tenants and broken toilets far more than they would like. You'll find that many of them have worked very hard getting where there are. I know many landlords that hold regular day jobs because they don't usually buy right from the beginning and place just anyone in their properties, hoping to get rich off of equity and cash flow.

To me it's a catch 22, if you've got equity, it doesn't mean much unless you pull it out somehow with a loan, which then you'll have to pay interest on and means you lose cash flow. Cash flow is great, unless you're spending it on repairs and/or upgrades that tenants trash while they're living there.

Don't get me wrong, I have nothing against landlords; I just think most of them work far too hard for their money. Now, the landlords that buy right obviously don't have as many problems, but I feel for those that work their butt off trying to get ahead only to keep getting brought back down. Let's get into why I have them in their own lists.

Similar to the foreign investor strategy, your standard run of the mill landlord goes about buying property the wrong way. They'll typically get a loan to buy a house or pay for a house all in cash. Now I won't go into why I think that is a bad way to buy, but I will tell you why they're on my list.

What we do is purchase a property Subject To the existing mortgage. Now, if we didn't sell that property on the open market for profit, we're probably putting a Lease/Option tenant in that property because then they at least have the intentions of buying the property at a predetermined time and at a predetermined price.

If we sold our position to a landlord, or what's called "wholesaled" our position to that landlord, in essence the landlord has just bought a property for much less than it would have cost him/her to get a loan and/or to pay cash for the property. I'll go into detail about wholesaling a Sub2 to a landlord later on in exit strategies.

There are a number of ways to find landlords; I'm going to give you one of the easiest ways to do it. Go to your title company and ask them to get you a list of all non-owner occupied properties. Why non-owner occupied? Well, think about! They're landlords, that's why!

Take that list and simply mail them a postcard or letter asking them if it would offend them if you notified them of a property you had for sale in the same areas they have rentals. Ask them to respond to your phone number or email and you'll explain to them how you can sell them turnkey properties for \$5k – \$10k.

Do you think you'll get a few calls? Probably, and I'll tell you why. First, they're going to wonder how you got their information, and then they're going to wonder how you can sell a property so cheaply, when they've spent too much money on their current rentals.

Once you've got them calling you, I wouldn't go into detail how you buy Sub2 because most landlords have no clue what that is and if you tell them how easy and amazing it is, chances are they're going to go searching around the web and find my eBook and you'll lose a possible buyer. Therefore, keep your mouth shut for the most part, just simply ask them again on the phone, "Would it offend you if I notified you of properties that I had for sale" and mention most of them will already have tenants in them.

I have had a few that told me no and I'd hate to give you the impression that these methods are foolproof, but the truth is, you've got to get used to being hung up on or get used to hanging up on people.

The last thing you want to do is listen to some suffering landlord tell you how life is so hard being a landlord and you should get out of real estate investing because you'll

never make any money. The dial tone is the next thing those people hear, because I'm not scared to hang up.

The point is, while you're searching for buyers, you'll come across some really weird people. It's not easy, but if you do it right and do it enough, you'll be happy later on that you did. To this day, I'm still refining my buyers list by adding and subtracting people.

Again, there are other ways to find landlords, there are a number of online resources that can compile a list of these types of things; just know they are out there and more importantly promise yourself you'll go the extra mile to find them. Your bank account will thank you for your hard work I promise!

### **Rehabbers and Fix & Flippers**

I'm going to place these two categories in the same section, although they are in two different lists, and I'll explain why. The difference between the two is simply how much effort they put into the property. A fix & flipper will simply put lipstick on a pig and call it a day. They make no major repairs but will just fix little things. At most, a fix & flipper will repaint, work on the carpet, clean and nothing more.

A rehabber will do so much more and typically are what people consider flippers. They generally get involved in remodeling the kitchen, bathrooms, electrical systems and roofs. They will take a beat down property, completely update it and change the layout of the house for the most part.

Now, I will admit that my lists do contain most of the same names on both lists; however, the difference is when I meet or connect with these individuals, they determine what list they'll be on. What I mean by that is I'll meet a person who is a GC (General Contractor) and he flips on the side; he's only looking for houses that need very little repair so obviously he goes onto my fix & flippers list.

On the other hand, when I meet a person who wants something just shy of a complete teardown or in some cases a complete teardown, I put them on the rehabber list simply

because they are looking for more work as it typically means deeper discounts and bigger profit.

I keep the two separate because I don't want to waste their time with something in which I know they're not interested.

Now, let's talk about how I find these types of buyers. I have a few different ways to find them and one of those will be talked about during the wholesaler and bird dog sections. For now, I'll give you a way I find them that most new investors are scared to try. While I drive around on my daily errands or during some bandit sign campaigns, any time I'm out and about, I look for houses that have big dumpsters in front of them; you can do this simply driving down any road and quickly looking down side streets if you want.

Sometimes those big green dumpsters will be out for the homeowner, but most of the time, there is an investor tied to it one way or the other. When you see one, check out what's going on, notice any major work being done to the property; there should be no reason why you don't get out of the car, introduce yourself to people and find out who the investor is behind this rehab.

Most people are scared to do this because it requires them to take action and get out of their comfort zone, but, think about it; do you expect to make millions just sitting on your couch? Of course not! You've got to get out and get used to taking yourself out of your comfort zone! I'm sure you've all heard the saying, "If you always do what you always have done, then you'll always be where you've always been,"

Think about that! If you don't break out and do things that most won't, then you shouldn't expect to be anywhere else but where you are now!

Here are a few more quick, "out of the box" ideas. Think about whom rehabbers use to do their rehabs. They use roofers, plumbers, electricians, flooring guys, landscapers and just about any trade in the construction industry right?

Of course, what I do is, whenever I meet someone who works in one of these trades, I always get to know them and give them a card. I tell them I find cheap houses that need minor to major repairs and if they come across an investor and connect me with them, then it'll only mean they get more work. They essentially become bird dogs, which we'll discuss here shortly.

Also, keep in mind one other thing, where do most rehabbers get their funding? That's right: HML (Hard Money Lenders). So why wouldn't you call up a few HMLs and ask them for the contact info of their clients that buy the most property?

Think about it! If they connect you with someone that will borrow money from them, won't they just make more money? Of course, and that's why your list building needs to include cold calling HMLs or connecting with them via referrals or your local REIA meetings (Real Estate Investors Association).

Speaking of REIAs, I know they are not on my list, but what a great place to connect and network! You can find so many connections at your local REIAs. If there isn't one in your local area, I highly suggest you start one!

## **Turnkey Investors**

Most of this list will include many of your other lists, as some landlords are actually rehabbers who rent out long term, and some turnkey investors are actually landlords who will only buy turnkey properties.

I find these buyers everywhere from asking previous buyers if they are interested in turnkey investment properties to simply advertising on CL (Craigslist). It's simple to find these, because your marketing can include nothing more than a simple ad placed like this:

TURNKEY INVESTMENT PROPERTY FOR SALE \$10K

CALL NOW (555) 555-5555

Seriously, anywhere you place that exact ad, as simple as it is, will bring you buyers out of the woodwork! Newspapers, CL, bandit signs and any other advertising whether free or paid will work. Who wouldn't want to buy a turnkey investment property for \$10k?

This exact phrase has also gotten me other types of buyers in the list, from landlords to foreign investors, rehabbers and your everyday, run of the mill, new investor who only has a few thousand dollars. You see, it attracts attention and they'll call, if only to find out if you're for real!

Because you know how to buy Sub2, you can simply wholesale your position in the deal for an assignment fee of whatever price you want. Now, later on, I will go over a formula that I use to determine what price my assignment fee will be simply because it will vary on almost every deal.

Do yourself at least one favor. If you are too scared to call HMLs or too scared to walk up and introduce yourself, at the very least, place that exact ad in as many free places as you possibly can and I assure you that you will have buyers calling you!!

## **Foreign Investors**

Now we briefly touched on this a little earlier and, to be honest, there really isn't a secret to finding these buyers, other than coming across them throughout your normal routine of searching for buyers.

I can say the easiest way for me to find these buyers has been networking with other wholesalers, investors and through the relationships I've built with agents who I've asked if they have cash buyer clients. These buyers have cash, and a lot of it! They just simply cannot get traditional financing for whatever reason, but we don't care about that because they pay cash and that's all we're concerned with.

## Wholesalers

Now it's time to talk about wholesalers and bird dogs. It's hard for the most part to distinguish between the two, most of the time; however, my thought process breaks it down to two simple terms: "Fulltime" and "Part-Time."

I say that because an experienced wholesaler has put in the time, and has the experience and connections to make deals happen. Typically, a wholesaler does invest himself/herself a little but their primary source of income is from wholesaling. In addition to that, they will primarily place the property under contract already. Whereas a bird dog simply tells you about a property or a seller etc.

Bird dogs, on the other hand, are typically people that work a fulltime job and are just learning the business and or are too scared to do deals themselves, so they just pass along information to either wholesalers or other investors. Don't go getting all upset if you are one or the other and I described you wrong. That's simply my opinion of the two and that doesn't mean I think one is better than the other is, but there is a distinct difference between the two.

Let's talk about how I find wholesalers and why I find other wholesalers. I don't see them as my competition, but a different avenue to cash checks. If you've got a deal and you only have five buyers; however, this deal doesn't fit what your buyers are looking for, but you do have 20 wholesalers on your list that all have five buyers on their list, then you have far more buyers than you thought. If you do the math, your buyers list is really 105 not just five. Does that make sense? That's why I have so many other wholesalers on my list. Here's how I find them:

Log onto CL ([Craigslist.org](https://www.craigslist.org)), [BackPage.com](https://www.backpage.com) or whatever free advertising source you have in your area or even pick up a Sunday paper for that matter. Whenever you see the words "We BUY houses", "I BUY houses" or any variation of those words or phrases, chances are they are wholesalers.

Anytime you're driving down the road and see those bandit signs that say the same thing or any variation of it, chances are they're wholesalers. Now, what you should be doing is calling them and introducing yourself, get to know them; you'll find that most of them are just like you and me, regular everyday people that have families, friends etc. There is no need to be scared of them.

I pose one two-part question to all of them, "Do you buy properties yourself or do you wholesale them out?" Chances are good that they'll tell you they buy some but wholesale most of them out.

That's fine, most of them just lied to you but only because they're embarrassed to admit they don't buy anything, just know that means they are wholesalers and there is nothing wrong with that. Tell them who you are and that you would like to network with them. Tell them that any deal you come across where they can bring a buyer to the table, you'll split the assignment fee, 50/50.

Now don't get crazy and think, "Well I'm not giving up 50% of my profit." Yes, you are! Why? If it weren't for them, you would have 0% profit, dummy! I'll take nickel and dime sales all day long if it's quick and easy cash, wouldn't you? I thought so!

That doesn't mean you have to split every deal 50/50, just the deals you don't already have a buyer lined up for or when a wholesaler tells you they have a foreign investor that will buy anything you get; it's worth it to cash those out quickly and move onto the next one.

The more wholesalers you're friends with, the more successful you will be and the more your bank account will thank you, that I can guarantee!

The other answer you might hear when calling those "we BUY houses" signs are, "Yes, they do, in fact, buy." For that, it's time to conduct an interview with them.

Ask them what they want; what they're willing to pay. Ask them when was the last time they closed, how quickly they can close, etc. Don't be afraid to ask them that; you need

to know that you're not wasting your time with wannabe buyers. There's nothing more frustrating than thinking you've got a deal locked up and you're going to cash a check when your "buyer" can't close!

Be as specific as possible. Don't let them get away with saying, "Send me everything you get." Nothing irritates me more than a wannabe investor who can't decide what he considers a good deal.

If they can't be specific, ask them for specifics. Tell them you're not going to waste your time or their time by sending them properties that do not fit their criteria. If they insist on having you send them everything you get, then put them at the bottom of the priority list and see if they ever bite; chances are, they won't and they'll be one of the ones you subtract from your list to keep it strong and reliable.

Remember this, your biggest buyers list will consist of wholesalers! Don't be afraid of them! Think of it as a game; the more wholesalers you have on your wholesalers list, the fatter your bank account will be.

## **Bird Dogs**

Let's talk about bird dogs and some misconceptions concerning them. Most people think they are illegal. I'd like to clear that up right here and now.

It is true that it is illegal to collect a "commission" on a Settlement Statement, unless you are a licensed agent. You'll hear agents preach that like gospel. There has also been mention of RESPA violations in connection to bird-dogging.

There is nothing wrong with being paid for information or "buying leads." People buy leads all the time, including agents. How do I know this? I sell probate leads to investors, but this eBook isn't about that. Just know that there is, in fact, nothing illegal about bird-dogging.

Bird dogs are usually thought of as people that help find sellers, which is true; however, they can be also useful in finding buyers as well! My bird dogs get a small cut every time the buyer they brought me buys from me. It's like a residual income source for them. I have bird dogs that find buyers through the same methods I do or their own, but the point is leveraging them to cash checks is a beautiful thing.

How do I find bird dogs? Simple – I network! I let it be known that I'm looking for people interested in learning a thing or two about real estate investing. Now, most bird dogs flake out and most of them will never actually become investors, and that's fine. I teach them how to find buyers and they are happy because they know an investor and I just showed them some cool stuff.

I'll place ads on CL looking for property finders or looking for apprentices. It doesn't matter what you put, as long as it's not deceitful and your phone rings with potential bird dogs. Most, if not all, of my bird dogs are property finders (sell-side bird dogs) and buyer finders.

Don't be afraid, even as new as you might be, to find yourself some bird dogs, tell them you are new, that you are looking to increase your investing and will gladly pay them for their effort.

I've got one bird dog who only finds me L/O tenants (Lease/Option) and nothing else; she doesn't look for properties or other investors, just simply people looking to buy a house that can't get traditional financing.

Use these people and their skills to your advantage! Leverage them to increase your bank account!

That's pretty much it, for now. I've given you some great information on finding buyers and I did it early on, because I know it's much easier to start investing when you know you've got buyers who will buy. Moreover, remember, you aren't paid until you sell!

For those of you that are paid subscription members, there will be plenty of detailed newsletters going in-depth about these and other strategies. You'll be able to download recordings of me calling buyers and qualifying them, calling wholesalers etc.

Just remember, finding buyers isn't hard to do, it just takes action. You can't find buyers sitting on your couch, waiting for the phone to ring. Your success in anything will directly reflect the effort put forth into the task at hand. If you can't spend 30 minutes a day cold calling HMLs, buyer's agents or wholesalers, you can't expect to sell anything or make any money!

Do these things and you will start to build your buyers list. I'm not going to lie to you and say I have thousands of buyers on my buyers list, because I don't. I do have a solid list because I constantly adjust it. I subtract the time wasters who will never buy and add people who've shown me they not only CAN buy but WILL buy. You should do the same. It's not really about how many buyers you have on your lists; it's the quality of those buyers that will score you the big checks you're looking to get.

If you follow these steps, in no more than 30 days, you should have a strong, solid buyers list!

Now that we've discussed how to find buyers, let's move on to how to market your business and find SELLERS!