

Iflipuflip Season 1, Episode 7

Welcome back everybody and thank you for listening to the podcast and we have a very unique topic that we're going to talk about and that is entitled four important tips for working with a professional wholesaler and again this is four important tips for working with a professional wholesaler and you'll notice a couple of things there number one, is that I'm talking about a professional wholesaler and as a flipper, you have to understand what type of wholesaler you're working with, this is very important. A lot of people come to me and say how are you able to find so many deals, how are you able to do so many flips, and that's because I understand number one, when it comes to working with wholesalers, I understand there is two different categories. There is the newbie wholesaler and the professional wholesaler and both of those wholesalers are treated differently by me because a newbie wholesaler, I understand that most of them will never become a wholesaler period, so I don't spend a lot of time with them, I probably about 20 percent of my time with newbie wholesalers who are trying to get off the ground. Will I buy a property from them? Absolutely if the numbers make sense, and will I help them try to develop their business and success yes, because that only benefits me. But I'm not going to invest all my time in my business working with a newbie or beginner wholesaler.

I probably spend about 80 percent of my time working with professional or full time wholesalers and that's the people who they've been in business, they're doing business, they do two or three properties a month, they understand the market just as well as I do, they know what's coming and what's going, they know the streets, they know the areas, they know the pockets, they know the cities, they know who the end buyers are they're very educated, we can speak head to head or eye to eye on different terminology, we understand each other, I understand their purpose, they understand my purpose, I understand how they make money, they understand how I make money we both understand we have to make this a win-win for this to work. I probably spend 80 percent of my time developing relationships with those people and about 20 percent with the newbie's or beginners and hopefully out of ten, one or two of them will survive and slowly become that professional wholesaler or full time wholesaler.

And the reason that is, the reason you have an abundance of newbie wholesalers is over time the gurus if you will, have sold wholesaling as the quick and easy way to get inside of real estate, they sold it as this is the thing to do if you don't have a lot of money, don't have a lot of time, don't have a lot of credit, become a wholesaler. So you have a lot of people jumping into wholesaling who should probably not be in wholesaling, their probably not even ready for real estate, so they'll buy a seminar, buy a guru book get into it a little bit and boom, they quit so I

think that's why you always have a high influx of wholesalers hitting the market but very few survive over to becoming a full time wholesaler.

I've also heard a stat a lot of professional flippers say, the best wholesalers are those that are retired flippers, and those people who have flipped properties, flipped properties, flipped properties and then went and became wholesalers towards the end of their, because they understand how it works, they understand the process, they understand how to make budgets, they understand how long this property is really going to take, what type of property is it, is it minor cosmetic, is it major cosmetic, is it a tear down, is it a gut job they really understand it because they've done it for so long they've just switched over their career or their tactic from a flipper to a wholesaler.

Saying that, I want to get into these four important tips, ok? I'm going to show you sort of what I do, working with wholesalers, profession wholesalers, what I do is to make sure a relationship is developed, to make sure I can stay as close to them as I can so when I need inventory, when I need another house I immediately know who to go to for this deal, I'm sort of going to tell you my secret four tips I use number one, I understand I have to get on their A list. If you're out there and trying to figure out what is an A list it's simply like this, I develop a relationship with a wholesaler that's so good that normally when a wholesaler leaves a property and their getting out their contract and pulling out of their driveway, they're immediately texting or calling their A list, which is a lot of times just two to three people, that they're calling through saying, I just got a deal, here is the address, here are the numbers on it I need to know if you want it. They're calling those people before they get back into the office before they put everything on paper and put it in a nice packet and a nice flyer to shoot over to you so you can take a look at it, so my always goal is to get on that A list.

I have certain wholesalers that I talk to periodically that are telling me hey, before I even get the property hey, I got a call, it's my third return visit, I feel like I should get this property under contract, go ahead and start looking at some numbers, I don't have it yet but here's the address, start pulling your comps, they're already telling me before they even get to the property and have it under contract and when they have it under contract they're being honest with me by saying they're heading over there and should get it under contract, I've already called them, I've already met with them once, it's a follow up to sign the contract, that's what being on an A list means, and what that does is a lot of time when you're a flipper and your getting an e blast on several different wholesale deals, it's already went through the A list of that wholesaler and none of his A list people wanted it.

Very few wholesalers do not have an A list, or a buyers list, and I don't know of any wholesalers who do not have a buyers list from their A list because they don't have to do marketing, if they know this is a legitimate flipper I can get on the phone and call this flipper and give them the

address, give them the numbers I have, give them the purchase price, the ARV, the construction and he can make a decision very quickly and if I can sell it one these 3 or 4 A list buyers that I have, I don't have to go back to the office and put all this paperwork together and start marketing it, get on social media and get out my buyers list and do email blasts and start making phone calls and putting signs out that the properties for sale, I don't have to do anything, I just make a couple of phone calls and boom, it's gone.

That's how the wholesalers want to operate and truth be told as a flipper, that's how I want you to operate because if I come out with a property and I'm not competing when you blast it out to 20, 30, 500 different people you have on your email list then I can move on that property quick and make some extra money every market is different but the market that is out there now, if a wholesaler blasts that out to 500 potential buyers, sometimes that becomes a dummy bidding war which means that you know, the house should be selling at no more than \$75,000 purchase price and he's offering at \$75,000 so you know I give him full price offer and the deals done, but then because he's blasted it out to 500 people now it's at \$88,000 and people don't understand what they should be buying the property for, they have the cash, they're ready to go, they've got their hard earned money lined up and I'm going to put a bid in at \$88,000 because I really want this property, meanwhile I lose out on the deal and a dummy bidder gets it because they don't understand what they're doing so, I definitely want to be on that A list because I don't want to be in a bidding war, I want them to call me immediately before it goes out to everybody, I want to know before you get there and the wholesaler gets there, I'm always working, I'm always striving, I'm always trying to get on that A list of the wholesaler.

Point number two here is build a relationship with your professional wholesaler, and what I mean by that is, a professional wholesaler is in it for the long haul. They've been a wholesaler, they're probably going to continue to be a wholesaler, they're a full time wholesaler and I don't look at this as a short term relationship I look at this as a long term relationship that me and him are going to build over time, like any business relationship would, we would have that long lasting relationship, swap Christmas presents and Christmas cards and so on, but we would always be working together to build a legitimate business relationship, not just a hey, give me a property and we're done, I'm always trying to find a way to build a relationship with a potential full time wholesaler that is out there.

The other thing is when you're talking about building a relationship you've got to understand, in any relationship, and I'll use Home Depot because I shop a lot at Home Depot, in any relationship when I'm entering into a business relationship or trying to gain that person's business, at Home Depot when I'm done doing business with him, they may send me off to a NASCAR game or a football game or to a college football game or to the Super Bowl, different

activities they've sent me on and why did they do that, they're working that relationship, they're building that relationship, to make sure there is a nice, growing relationship here because truth be told, things happen in business and they want have a nice cushion and pad in there to say hey, I sent you guys to the Super Bowl, I know we made a mistake on this order but we sent you to the Super Bowl and guess what? I'm willing to overlook some mistakes perhaps they had made on an order or something like that because I know we have a relationship and they are striving and working to help me to be successful in my business and they are giving me perks there as well.

That same business relationship applies to between me the flipper and my full time wholesaler. When I work with that wholesaler guess what? If I work with a legitimate wholesaler, that I'm trying to work with, if I send him and his wife on a cruise to the Caribbean for four days and their cruise is paid for and their flight is paid for and so forth and so on, how much is that really costing me? Now I can get a cruise and airline tickets from Atlanta to somewhere in Florida, you know I can probably get all that done for around \$2000 right, so I spend \$2000 on my full time wholesaler and his wife on a cruise to the Caribbean, what happens is when that wholesaler gets a deal, who do you think he's going to call first? The guy who always negotiates ruthlessly with him and tries to nickel and dime him over every last thing or the guy that just sent him and his wife on a Caribbean cruise? Who do you think he's going to call first?

Well I look at that \$2000 investment as a way to get properties and I look at it as a marketing expense. If I has spent \$2000 on a cruise, and let's just say I went online and find the cruise, find the airline tickets and buy, maybe it takes me two hours to do that of my time, well what would I be doing if I wasn't working with a wholesaler well I would be out there creating letters, creating envelopes, licking envelopes, addressing envelopes and talking all the phone calls, going back with the follow ups with the phone calls and I don't want to do all that stuff so what I do is hey, this is a marketing expense for me. I spent \$2000 on this wholesaler but in return it took me two hours to book this guys travel and I sent him on a cruise and in return when he gets a good deal you're going to bet, he's going to call me.

Does it mean I'm going to buy it? No. Does it mean he's going to knock off \$2000 or \$3000? No, but what I am getting, I'm building a relationship, I'm getting on that person's A list so when he does get that deal he's always going to think of me, right? I'm going to send him birthday gifts, I'm going to send him Christmas gifts, I'm going to send him anniversary, anything I know he's going through, I don't care if his kid is graduating kindergarten, if that's what's going on, and I'm trying to build a relationship with this wholesaler because they're a legitimate, full time wholesaler, make sure you understand this point, I'm not doing this for the newbie wholesaler, I'm doing this for the legitimate full time wholesaler and the reason I'm doing that is I'm building the relationship again, if his kid is graduating kindergarten, I may send him a \$100 gift

card to Toys R' Us that he can go spend on his kid again, all that I'm doing is building that relationship with the wholesaler, I'm looking at this as a business, not a onetime house, as a long term relationship that over time I can pick up the phone and call him, call her the wholesaler and get deals that are flowing in.

Let me move on to point number three here, and that's be patient. When you are working with a full time wholesaler and trying to build this relationship understand that he has tons and tons of buyers, potential buyers if you will, that are coming to him wanting to talk to him, wanting to deal with him so be patient, understand that you may not be on the A list the first week, and that's ok. Understand that it's going to take time to build a relationship, understand that it's going to take time to get on the A list of the person, so don't, just because you don't get, you talk to him and don't get a deal the first week, that's ok, be patient, allow the relationship to develop over time. It's just like trying to develop a relationship with my wife, I didn't expect it to go from hi I just met you to let's get married after the first week right, you spend time developing that relationship, courting if you will, dating, texting you are sort of building over time that relationship and you want to do the same thing with a wholesaler just understand, it's going to take time, be patient as your building this relationship with the wholesaler.

The last point here is expect rejection. Especially if you're a newbie flipper especially if you haven't done your first flip yet, expect rejection from this professional wholesaler. A professional wholesaler, they understand what they have and they have the keys to the kingdoms basically because they're the one with the inventory and the old saying that cash is king, well in the real estate world I think the wholesaler is king or the inventory or the house, normally the one who has that is the full time wholesaler.

They understand what they have, they have the goal that we need as the flipper, they have what we need, so when you're a newbie flipper and you've never flipped a property before, you've never even done anything before and you're going up to this full time wholesaler, don't be mad when they reject you and say well I don't have anything right now, even though you know they have something, because this is part of the process, they are really just vetting the flippers that are tire kickers, they might have 500 buyers on a list and on that 500 buyers list they might have ten or fifteen that are actually buying from him on a somewhat consistent basis and from there they might have five or six legitimate buyers that are buying these properties, so just understand expect rejection, they don't want to deal with tire kickers, they're going to send you over to they're email list you're going to come up and talk to them and say hey, join my buyers list and that's ok I'll join their buyers list but then I'm going to keep talking to them, keep working with them, I'm going to keep building that relationship but I understand that I may, even as a big time flipper, I may expect rejection at first but I'm not going to let that deter me, I'm not going to let that ruin my day I understand that's going to

happen and I'm going to keep working forward towards this full time wholesaler and get on that buyer's list.

I know, if I can get on that buyers A list, I know I can be very successful in this industry, but I have to get on that buyers A list so the things I'm going to work on here, working with a full time wholesaler here, four important tips if you will, is number one, get on their A list, I understand that's the most important thing, I'm going to find my way on their A list number two, I'm going to build a relationship, a long term relationship with this wholesaler, it's not one house and I'll never talk to you again, I'm going to build a relationship, I'm going to invest in them, I'm going to spend money on them, birthday presents, Christmas presents etc, number three is I'm going to be patient, I understand just because I talk to somebody doesn't mean I'm going to get the deal the next day, I've got to be patient, I understand it's going to take time, number four, the last point is I'm going to expect rejection. It's just what goes on with it, whether you're a professional flipper like I am or a newbie flipper, of course a newbie flipper is going to get rejected more than I would get because I've established myself as a legitimate flipper in this area but your still going to deal with rejection, I understand it's going to be part of the process, I'm not going to let it discourage me, I'm not going to let it get me down.

A lot of newbie flippers quit right here because they get rejected, the first, second or third time with a wholesaler and say well, I just can't find a deal. Getting rejected is part of it, ok? If you've ever been in the dating world not every girl you've asked out has always said yes and if you are, congratulations but that's not how the rest of the world works. A lot of time men may ask a girl out and get rejected, that's part of it, it doesn't mean quit and don't get married you go after the next girl, or continue to go after that girl until you get the cops after you for harassment or stalking, right? So again, expect rejection when it comes into this flipping world, those are the four tips on how to deal with a professional wholesaler again, I want to make this point, dealing with a newbie wholesaler these points may not apply as much and I have a whole other podcast series here that we'll be doing on a different day on dealing with a newbie wholesaler, how I work with a newbie wholesaler but right now we're talking about the professional way, these four points do not go hand in hand with the newbie wholesaler, these are for just for the full time professional wholesaler. Anyways, I hope you've enjoyed this podcast on iflipuflip real estate podcast and I look forward to seeing you on the very next episode.