

Selling Houses in a Down Market

- Buy, Fix, Sell collect check.
- Or Buy & Wholesale collect check.
- “You are much better when you have cash funds available... it really takes the financial pressure off.”
- Selling the house starts before you buy.
- Look at your exit before you enter.
- FHA, Conventional first-time buyers – the 30% club - 70% of Americans can not borrow money.
- No Doc, Low Doc loans are gone on Luxury Houses.
- Focus on \$200K - \$150K houses, not million dollar houses.
- Make offers on only 2 out of 10 houses (8 don't qualify)
- Buy the easy deals to make cash on resale.
- Buy houses that everybody wants to call home.
- Buyers want Champaign on a Budweiser budget.
- Spend extra \$3K-\$5K for Wow's.
- Cover the buyer's closing costs.
- You want to look at the competition and beat it.
- 80% of buyers want 3 bedrooms or more.
- Don't buy 2 bedroom – longer to sell, 6-7 months
- Do more marketing to get the phone ringing for more choices.

9 Types of Houses you Never Buy:

- Small Houses (under 1,000 S.F.)
- Small Master Bedroom (Stay 12x12 or bigger)
- Busy Street (can't back out at rush hour, you hear fast cars)
- Bad location / War Zone (don't be first house in subdivision)
- Functionally Obsolete (bad layout, low ceilings under 8ft, small kitchen, 1 bath)
- No Garage or Off Street Parking
- No Commercial or Mixed Use
- Junkie Neighbors

Marketing:

- Include your personal email address in P.S.
- Landlords are not buyers
- Consider school district
- Use wedding size envelop hand addressed

Competitive Analysis:

- \$30K rehab house with garage 120 days in and out, bought and sold.
- If carport, 8 months carrying cost.
- Young people driving \$40K cars want protection.
- # of car garage depends on the competition.
- If the majority is 2 cars, then 1 car is NO DEAL.
- Listen to the TOP SELLING realtors.
- NO FLOOD Zone if not on water because insurance is too high and payments will be too high.
- OK to buy multi-family 2-4 units. Mexican families buy.
- NO High tension power lines, NO train tracks, NO water treatment nearby, NO low income projects nearby.
- Historic District – get list of requirements
- No too far – stay within 30 minutes

Selling Strategy:

- Buyers buy on DOWN PAYMENT & MONTHLY PAYMENT.
- \$8,000 Tax Credit/Gift until December 1, 2009 on houses priced \$80K or more.

Buying Rules:

- Look at every house I buy.
- Even in Hawaii there is a Hood.

Use www.odorxit.com on plywood to get smell out.

MAO – Maximum Allowable Offer for paying ALL CASH for Rehabbers (lower if wholesaler)

ARV x 70% - Repairs = Stable Market

ARV x 65% - Repairs = Unstable “Declining” Market

20% Profit after all costs.

ARV = After Repair Value

ARV for rehabbers is based on sold comparables - find 4 sold comps in last 90-120 days in great shape – same style home, close proximity (stay in same neighborhood), same # of bedrooms, +/- 150 Square Feet. Don't use “for sale” comps. If there are no sold comps, there is a problem. On the MLS read remarks to guess condition sold.

Robyn Thomson moved to Florida 3 years ago from Connecticut.

Why Robyn is a Realtor?

1. Comparables to get value on MLS.
2. Know the top selling realtors.
3. Find deals, paperwork, disclosures up to date.
4. Give business referrals to other agents to get 20% on referrals.

Robyn did not become a Realtor to List Houses.

It's a 60 hour online course to become a real estate agent.

Contract Disclosure: "One of the managing owners of corporation is a Realtor."

Buyer Disclosure: "I'm an agent. I'm not going to list your house. I'm going to make you an offer to buy your house."

Book Recommendation: Failing Forward by John Maxwell.

Hire Good Contractors to Make Your Home Drop Dead Gorgeous

Mature Grown Up Adults Will:

- Get all necessary permits & inspections
- They will be licensed & have workman's comp insurance.
- They will sign Independent Contractors Agreement with a detailed scope of work.
- They will buy all materials.
- They will be able to provide references.

8 Contractors Needed:

1. Roofer
2. Electrician
3. Plumber
4. HVAC
5. Flooring
6. Ext. Painter
7. General Contractor
8. Landscaper

General Contractor: handles everything the other 7 listed don't do

- Demolition
- Sheet rock: framing, taping, sanding
- Interior painting
- Crown molding, wallpaper
- Cabinets
- Windows, treatments

- Closet shelving
- Chimney, foundation
- Doors, all of them and locks
- Rotten wood, deck
- Crew of twelve guys: 8 skilled, 4 unskilled

Contractor TEAM: GC, Electrician, Plumber, HVAC. If two complaints form other team players, you're out and you will never work for me again. These subcontractors can be fired. Each has Independent Contractor Agreements.

Contractor background check:

Where do you buy your supplies?

Call supplier and ask, "How long has "contractor" been buying stuff?"

If only a few months and contractors been in business of years, then go back to contractor and ask, "Where else did you get supplies?" Call them and ask the same. Then find out if they have any outstanding balance?

Add your company as additional insured to liability insurance and workman's comp. Check the workman's comp for number of employees. Then check the job site and count number of people on site.

The "unethical" contractor will not give you a quote.

11 WOW's to make your house the Best in the Neighborhood

Wow's in the Kitchen

- Brand new Cabinetry
- Deep 8" Double Bowl Sink
- Goose Neck faucet
- Higher Quality Countertops (compared to competition in its price range, go builder-grade granite)
- Brand New Appliances (stainless steel – Kenmore or GE, dishwasher if 10 ft or more)
- Lightening underneath cabinets
- Built-in microwave

Wow's in the Bathroom

- Jacuzzi whirlpool tub with a 2 HP motor (for master bath, must have a bath don't just put a shower with no bath)
- Designer ceramic tile
- Full body spray (3 pairs) with rain shower head
- Upgraded medicine cabinets & light fixture
- Stage bathroom with towels, fragrance & candles

Avoid Home Depot kitchen go to a designer kitchen store.

No shower doors. If Buyer asks for it, "Is it the only thing stopping you from buying?" Get them to commit to buy it. Complete it the day before closing.

11 Marketing Strategies to Locate High Profit Deals

1. MLS
2. Pre-foreclosure lists
3. REO's
4. Signs
5. Attorney Letter
6. We Buy Houses CASH Flyers
7. Estate Sales
8. Wholesalers
9. Net Working Marketing (Mortgage Brokers, Contractors, City Officials)
10. Landlords
11. Newspaper Ads

Search "Estate" and "Probate" on MLS in owner's field, not sold in 120 days.

Probate (Free & Clear) House Offers:

1. \$800 principle payments over 100 months. I pay taxes and insurance.
2. \$10,000 down and \$40,000 note due in 2 years.
3. \$40,000 Cash

If seller asks, "How do I know you'll make the payments?" You reply, "How about I prepay the first 3 months?"

Problem with Contractor completing work on time:

Tell them, "I have money for you. Meet me at the job site." Bring signed Independent Contractors Agreement, lien wavier, and a check. Show them the contract, "You agreed to complete the work by [date] I can see that's not going to happen. "Obviously you have another job site more important than here. I took pictures before the work started and this morning with a date stamp on them. I can pay you \$_____ or we can have a law suit. I have a signed contract, pictures, and an attorney on retainer. You want to take the money or pay for an attorney?"

Have the contractor sign the lien wavier and then give the check. Let contractor know they need to remove all their stuff now and you will be changing the locks within 30 minutes. Furthermore, the next contractors who will be starting tomorrow at sun up."

Robyn Thompson has done 160 buy, fix, and resale bank REOs. She has first chance to buy before the market. She gets feed first by REO agents.

Lockbox Codes:

- OCN (Ocwin Bank)
- SPI
- MAE
- HFN
- 1234

On short sales: if loan has PMI (private mortgage insurance) don't do it. It's a dead deal.

Additional Marketing:

- Mail to Bankruptcy Attorneys, Divorce Attorneys, Estate Attorneys. Use a professional looking letter- good paper with letterhead and enclose a lot of business cards. In the letter say "information is confidential" and use wedding style envelop and write personal & confidential outside the envelope.
- You can get this list from Yellow Pages or InfoUSA.com

Additional Wows:

- Good quality carpeting (6 lb pad)
- Nice light fixtures
- Front Door with Half Moon – door is easy to open and make it stand out. Give the buyers the keys and let them feel how easy it is to open. When you walk in take off your shoe and have them do the same and have them step on the carpet and feel the padding.
- Mini blinds all windows
- 3 different colors of paint on the ceiling, walls, and trim (Bright white ceiling, Navajo white eggshell Walls, Antique white semi-gloss Trim)
- Crown molding
- Staging for kitchen and bath (towels and candles)
- Gold house address #s and new mailbox
- New outdoor lights

Don't leave anything unfinished. In Florida, tile all the floors except the bedrooms. If it's a rental house tile all the floors.

#1 Selling Strategy is List with a Top Producing Selling Realtor.

There are two types of Realtors. Those that list and those that sell – a top selling realtor must move a minimum of 50 houses per year in your price range.

Find the top producing selling realtors: print out every sold in 2009 in price range \$135K-\$175K – 110 houses sold. Print all sales – who was the selling realtors? Count all sales and who sold the most.

Marketing for Top Producers:

Pay the Top Selling Realtors more than 3% commission.

Write them a letter: dear Top Producer, I found out you sell most houses. I have a seller with a great house. I have convinced them to pay you 4 1/2% commission for full price offer.

Top Producers at ReMax, Executive Realty, they get 100% commission. You only need 2-3 top agents. When close to finishing the house, give the top agent 10 days to sell it or you will put it on the MLS at 3%.

The national average of realtors is only \$22,000/yr.

You don't sign any exclusive commission agreement. You bring a sales contract and I'll sign the commission agreement.

If you list the house on MLS, don't use the following words: "Totally renovated / rehabbed" Use the words: "Drop Dead Gorgeous, Vacant and easy to show. Mint, mint, mint. Perfect house, qualifies FHA."

Selling Negotiations:

If a Buyer asks for a big discount, you say "NO" my counter-offer is FULL PRICE. (NO is the most powerful word in the English language.)

Advertise: Seller pays Closing Cost. \$_____ Down and \$_____ per month.

Marketing to Sell:

Use a Flyer in the newspaper. Sell the back side. Half of the back side to one contractor and half to another contractor. (Roofers, Windows, Plumbers – any non-competing company)

(Photo)
(House)

Home Investors USA, Inc.
Office #
Toll Free #

(Photo)
(House)

Kiss Your Landlord Goodbye!

Home For Sale

Address _____

\$Price

Mint Condition

Description:

OWN IT For Only \$707 a month.

First Time Home Buyers	Mortgage	\$400
You only need \$_____ to buy home.	Tax	\$116
NO CLOSING COSTS.	Home Insurance	\$30
	Monthly Payment	\$707

**Over 5,000 people will receive this flyer today
Call Now! Ph#**

Qualifying Your Buyer:

- Talk to your buyers mortgage broker and ask the following questions:
- Did you pull a tri-merge credit report? If no, don't accept contract.
- Do you have 1 month of pay stubs? If no, don't accept contract.
- Do you have their last years Tax Return? If no, don't accept contract.
- Do you have last 2 months bank statements? If no, don't accept contract.

You need a positive confirmation on all these questions before you take the house off the market and sign the contract.

Marketing to Realtors:

- Voiceshot.com blast a phone message to all realtors about the email you sent them. Make it personal and creative / funny / entertaining / and benefits of the deal (see MLS remarks)
- Email Blast – send email to all realtors regarding the house for sale. You can use the online resource www.constantcontact.com

Taking Action:

The reason “Why” must be greater than any “Fear” you feel. Otherwise, you won't do it.

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