



Lesson Transcript:

“Lesson Learned-Don’t be a Motivated Buyer”

With JP Moses and Patrick Riddle

JP: Brian is muted. Let's go to somebody in Hawaii who I am automatically jealous of. Who do we have in Hawaii?

Sanyu: We have Sanyu.

JP: Sanyu, I thought I see the Sanyu. How do you pronounce that last name Sanyu?

Sanyu: Barnacote

JP: Barnacote, just exactly as its spelled, okay. Well, are you on the big island or are you? Where are you?

Sanyu: Yes I am on the big island and don't be jealous because we've had 10 days of rain every single day.

JP: Oh, cry me a river Hawaii.

Sanyu: But the sun comes out any way and we can still go to the beach and we can still go surfing if you want.

JP: Yes, really. Really. Try a hundred, try a hundred and one humidity today and I'll.

Sanyu: Oh no. Can't deal with that.

JP: Alright so.

Sanyu: Anyway, I appreciate you guys. You're awesome. I'm new to the group in the last month and I can't believe how much you are giving all of us. I really appreciate it. I've done a little investing. I've done some investing, I've done some slips but I have a couple scenarios and I don't know how much time you would allow me but I had yellow letters that produce some results and I have two scenarios. One is in Florida. I sent out a yellow letter and owner had a realtor call me back and I didn't realize that the property is listed for very little. 27 thousand dollars but the value on it is 35 to 42 and I'm not sure what will be the best approach. I was thinking about, the property needs about five thousand dollars of repair. Just cleaning the yard and painting the inside. It's in good shape. It's a block house.



I didn't know if you guys can give me pointers on how to approach this but I was thinking about is possibly do the option, option to lease-option. You know, Joe McCall scenario if that make sense. And the reason I'm thinking about that is I don't think I can wholesale it because it's very skinny. It's been advertised for 27 and if I go to wholesale, if I wholesale it in the community, you have seen it. I don't know. Does that make sense? How would you approach this?

JP: You're saying, let me just make sure I understand Sanyu. You're saying that you don't know that you can wholesale it for more than 27 because it's already listed for 27 and you think, it wouldn't be credible to do that.

Sanyu: Right, yes.

JP: Well let me pause you for a second as ask, what kind of deals are you trying to do? When you sent out those letters, you already had picture in your mind of how you wanted that to go and what kind of leads and what kind of deals you were looking to do. Are you looking to wholesale deals primarily and earn chunks of cash? Is that your main model that you're going with your?

Sanyu: That's what I need to do because I need the money like in about fifteen minutes from now. Wholesale and get tons of money because I need to get off a hole.

JP: Where in Florida are you doing this marketing?

Sanyu: This is in Central Florida in Ocala. I used to live in Ocala three years ago and I found out through realty trust that Ocala is one of the best markets for single family rentals. So I trust that it's going to be a lot of land lords in there.

JP: Well, what's the rent on the property? What are the rents for? Have you looked that up?

Sanyu: Yes, this particular property would rent for about on retail for 450, section 8 is for 600 dollars, around 600 to 650.

JP: Are you certain that it only needs five thousand dollars worth of work?

Sanyu: I can't be certain in Ocala. I haven't visited it but I've seen the pictures of the inside and I know that it has the main systems are intact such as AC, the roof, and the floors, the tiles. Basically you need to change the inside because the



popcorn ceilings are peeling. It needs to be removed and then the yard needs to be cleaned out.

JP: Alright, if this property is going to rent for-first of all, I think-well, let me ask you this. If it's listed, how long has it been in the market? What's the days on the market, do you know?

Sanyu: 2 25.

JP: Okay, so there's my first red flag. There's a reason this property hasn't sold yet and you need to figure out what that reason is. You need to "Sherlock Holmes" your way in. If it's listed at 27-I'm not familiar with Ocala but it sounds like, maybe in this area of Ocala that's not unusual of a price for this type of property, I'm guessing. In certain parts of Florida, that will be like a smoking deal no matter what kind of house it is. But this, like we have areas of Memphis where it's very similar sounding, where it's going to rent for 350 to 450 and houses, they can sit on the market forever in the 20 thousand range. So I would not get into this deal until you can figure out why it hasn't sold at 27 because you got to solve that problem, if you're going to sell it. I mean landlords are tied into the MLS. They just have the opportunity-I mean, not all of them are. A lot of people have had the opportunity to see this property for almost a year now and they've turned their nose. So you need to find out from the realtor why other people haven't bought this and figure out if there's a problem there you can solve. And or, you need to negotiate a much more smoking deal even. Maybe you get that thing under contract for 10 thousand dollars or something. And that may or may not even be realistic but obviously, the market is telling you this is not the right price for this property right now. Patrick what do you think?

Patrick: I'm with you. That will be a question on today's own market and that sale is a big story. It's just from the days on market, I would expect for me to profit on it I would expect to get a very, very large discount on it. Whoever the owner is may not be ready or willing at this point. That's a great idea to kind of delve into it a little bit more to figure out why it hasn't sold at that. I think you got another scenario as well. I'm not sure if it's with the listed property with wholesaling. My preference is working with properties where the sellers don't have it listed. I find that that's a little bit easier than just contract the property with the seller. Basically have no risk at all and easily gives yourself a chance to flip it to one of those buyers and communicate.



Sanyu: So do I have time or should I just, get somebody else the opportunity to talk about the other scenario. Do I have time to talk about the other scenario real quick?

JP: I'm okay with that but I feel like I still have one more thing I want to say about this scenario, that maybe applies to both. You're doing your business remotely here, which is fine. That's great. But I think what that means is you're in a situation where once you picked, if you're going to pick Ocala, your job now is to become a market expert in Ocala. That means you got to learn how to read the tea leaves, if you will. Look through the crystal ball and see what's going on in Ocala. There are certain ways that you can do that that are very systematic and scientific and not hard to do. If you don't do that, then everything you do is a shot in the dark. You don't really know what you're doing. You don't know what a good deal is and what a bad deal is. But there's clues, there's "Blues' Clues" if you will, that you have to look for. You've seen "Blues' Clues," right? I didn't just make that noise and it was lost on you, I hope. You want to be able to see-let's just take this house for example. You need to be able, now go to someplace like Zillow and look at the houses for rent in that area and call up the landlord and say "Hey, is this a good area for rentals? I see you on a property in this area. I'm thinking about buying a property in this area. Would you buy another property in this area? Okay. I'm looking at this house over here. Is there any reason that you haven't bought that one? I'm thinking about buying it." Approach them from that perspective and try and put your finger on the pulse of what cash buyers and landlords are doing in that area. Then you have something to work backwards from and I think, you got to start with that in any area that in any area you are in.

Sanyu: Okay. Good. Thank you.

JP: Alright, what was your second scenario Sanyu?

Sanyu: The second scenario is right here in Hawaii and again it was a yellow letter response and the lady bought the house in 2008 for 425. She is on the mainland somewhere Oregon or Seattle somewhere. In any case, the house that sells for 340, the value is about 400 right now. When I talked to her she said she's not interested in referring for something less than the REI value. So she kind of, was very hard to bite on that for that one. So we were talking as scheduled. First of all, she had a challenge because she doesn't live in the house, its vacant and



every time she comes back, she did a whole bunch of maintenance and it will be done. You know in Hawaii, if you don't take care of the yard, it's just like it's a jungle by the time you come back. So anyways, as we were talking I kind of threw out the idea of lease option. That might be something that she could look at and the way I presented to her is that you know this is the way that you may be able to get some money a couple of years down from this point. We can put in a tenant buyer in the home. And that's all I know about lease option and I'm going to go out and read Joe Mc Calls article and go over and read Joe McCall's, training call, the training recording again. But I don't know if you guys think that this might be a good approach for this lady. In other words, what I'm thinking is I could set myself up, I put it under contract and then find the tenant buyer for the house. The house is in excellent condition. It's just that she doesn't use that much and it's becoming a problem for her.

JP: My first thought is, she doesn't sound like a motivated seller and I don't think that if you can't unearth some real motivation, then you're going to be hard pressed to get her to want to make a deal with you. It sounds like she is hard, she's fixed right now on selling it for the retail value. By the way, you said the value right now is 400. She got it listed for three whatever. Do you know how long it's been listed?

Sanyu: No, she's not listed. She is interested for 340. The value on it is about just at 400. 395.

Patrick: Do you know what she owes on the property?

Sanyu: I don't know what she owes but she paid 425 for it in 2008.

Patrick: Got you. JP, you can continue on that. I know you were in the middle of a thought there.

JP: In general, I just want to, I know Sanyu-you are motivated to get a deal done and I certainly appreciate that. You're in a situation where you're probably just looking at any deal that would bring in some cash, would help you out or whatever the situation is it that you're in. Been there, totally been there and it's not a fun place to be. But unfortunately, it puts you in a position where you try to make a deal out of every lead that comes your way and that can be destructive. You do not want to be a motivated buyer and you don't want to-I just think-I go back to what I said about focus. If you try and think of every way



you can possibly make money on a deal, or even delving into areas that you don't really have any training on yet-there's some high risk there for you. So I think an option like wholesaling it as a lease option might be viable, but even that she's going to have to have her motivation meet her at a certain level for that to be an enticing option. So when you're talking to motivated sellers, if you can't find some pain that they have, some motivating reason that selling their house for retail value on the retail market is not-if they're not willing to really step outside of that box, you don't smell that motivation, you're going to be doing them and you a disservice to even continue. You just need to say "I don't think we're a good fit for each other."

Patrick: The more time that you can weed out an unmotivated seller, that'll give you more time to spend on the truly motivated ones that don't just want to sell but has to sell. They're in a situation where they got a military move or job loss, divorce, behind on payments. And also, just letting the seller know, "Hey, we're in business to make a profit and if you have a problem with us profiting on the property, then I know that we're not going to be able to help you." And that's the truth for us to be able to make money and profit and help them, they have to be willing to take the discount and there are plenty of those sellers out there for sure that needs the help.

Sanyu: Okay. Thank you.