



Quick Start Guide to Real Estate Investing

Presented by



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Introduction

Why Real Estate Investing?

- **Business**

- If you're looking to be a real estate investor full-time, then you must look at it as a business and NOT a hobby or a "get rich quick" strategy.
- This means not just wholesaling but actually being a full fledge real estate investor by doing flips, rentals, owner finance, and any other strategy that will help your business be successful.
- Also, entity structure, tax prep, team members and more.

- **Wealth Building/Preservation**

- Maybe you want to be more passive investor because you don't really love real estate.
- Here you look at rentals, lending, and possibly partnering on flips with full-time investors.
- Wholesaling does not build wealth!

Different types of REI

- **Wholesaling(Beginner)**
 - This is like driving Uber. It's great for some extra cash but not a stand alone strategy. It does take a lot of leg work and not always will you hit a homerun.
- **Flipping(Advance)**
 - This is slightly better than wholesaling because it has a much higher payoff but with a much higher risk. Also, should not be a stand alone strategy because the minute you stop flipping you stop making money.
- **Owner Financing(Semi-Pro)**
 - This is great when you want absolutely nothing to do with the home and still collect a monthly check. But, you must know what you're doing so EVERYONE is protected.

Different types of REI (Continued)

- **Buy and Hold(Semi-Pro)**

- Is usually the preferred way of building and preserving wealth for most as it provides cash flow, appreciation, depreciation, and economic protection if done right. Many people have a rental and think they just sit back and collect the check. There still a lot of management needed from your end to make sure you don't lose equity.

- **Lending(Advance)**

- This is usually every successful investors goal. Here, you typically get hit with deals all of the time and you can choose between being a partner in the deal or getting a monthly interest payment for lending your money to them. Either way you usually get first lien position on a distressed house and paid back first as soon as it sells.

Different types of REI (Continued)

- The best way to run your business is to use a combination of all of the above.
- Wholesaling is a great strategy to know regardless because even if you don't do your own marketing (which you should) you may at some point come across a great deal you don't want but can wholesale it to another investor/buyer and still make some money.
- We prefer doing wholesaling and flipping for quick cash and then investing in rentals for wealth preservation and tax advantages.

Network = Net Worth

- This is the most important part of a successful business!
- Without a large enough network you become limited on what you can do and how far you can go.
- You NEED to be attending EVERY single event, REIA, meetup, and get together there is in your area.
- By networking you not only build your connections but also your knowledge of the local market.
- Most importantly after going to many, many, many events, you will learn who are the investors that really know what they're doing and not just trying to take advantage of you.
- Also, at most networking event you will go picking up strategies and marketing ideas that will help with becoming more successful in real estate.

Lead Generation

Marketing with TIME

- Driving for Dollars
- Door Knocking
- MLS Offers
- MLS Expired/Cancelled
- Online

Marketing with Money

- Direct Mail
- Online SEO
- Online Social Media



Marketing with **TIME**

Many people don't have the money to do the **required** amount of marketing

Driving For Dollars

This is a great way to get to know your area and build **YOUR OWN** list.

1. After networking you have found out what areas investors are interested in, if not do some research on which areas have the lowest months of inventory.
2. Using Google maps select a subdivision and print it out.



Driving For Dollars (Continued)

3. Take a note pad, highlighter, pen, business cards, post-its.
4. Take a quick drive around the neighborhood to determine the overall conditions of the area. This will help in finding a house that's **distressed**.
5. Use the highlighter to track the route that you have already driven.
6. Write down every single house that looks like it has not been updated in a long time and has obvious signs of neglect (i.e. Missing singles, broken windows/doors, cracked foundation/brick siding)

NOTE: D4\$ is very time consuming which is why most people don't do it and why it can give you a great competitive advantage over everyone else.

Door Knocking

Being able to reach the homeowner is key to getting a deal and door knocking their home is the most direct path to that.

Which houses to door knock:

- A distressed list you bought
- Distressed homes you found while D4\$
- Expired/Withdrawn Listings- as a **StepStone** investor-agent you have a lot more options to offer someone that recently tried to go through the traditional agent route. Use that strength!

Door Knocking (Explained)

- The purpose to door knocking is to get a face to face with the homeowner.
- This is crucial when you're in a very competitive market and everyone else is doing direct mail.
- The main thing to keep in mind while door knocking is because this is face to face, likeability is very important! This means that you NEED to be able to connect with the homeowner. Don't treat this as a transaction even if it is the 134th door you've knocked on.

Door Knocking (Explained)

- Keep in mind your wardrobe. Don't dress too fancy nor like you're going to a backyard BBQ. Appearance is everything with first impressions.
- When door knocking try to not say the same things every single newbie investor will say, "I can buy your house cash in as-is conditions". Instead work on building rapport with them.
- Always keep in mind that you're dealing with a regular homeowner that knows absolutely NOTHING about real estate. So don't worry about how little you know. Instead, focus on the fact that you have an arsenal of investors to tap into and help solve what ever problem they're faced with.

Door Knocking (Explained)

- Look at yourself as a problem solver, not an investor. This will make you seem less intimidating to the homeowner.
- By far the most important part of door knocking is, **KNOCK WHILE SOMEONE IS HOME!**
- I know this is funny but truth be told there are so many new investors that go door knocking at 10am on a Tuesday! The chances of finding someone home are very low. Instead, try after 5 pm on weekdays and anytime on weekends. The best time is after church on Sundays. Try to not knock if it's dark outside.

MLS-Offers

- As a **StepStone** agent you have access to the MLS, use it!
- If you know what subdivisions you want to target, get to know that area very well.
- Figure out what is the top price of that market and set alerts to be notified every time a house gets listed well below the highest value. You will have to play with certain parameters like square footage, beds/baths, year built, etc.

Example: if 3/2 1500sqft homes have an ARV of \$200K and a similar house comes on the market for \$150K then you might want to look at it.

- Just because it's listed at a certain price does NOT mean they won't take lower. Sometimes up to 50%+ lower.

MLS-Expired/Cancelled

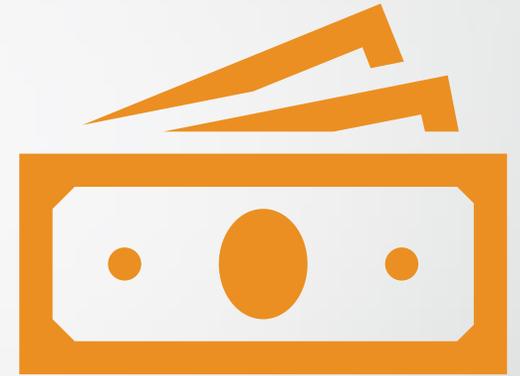
- In a hot market the amount of active agents goes through the roof. This doesn't mean they know what they're doing.
- By searching the MLS for Expired/Cancelled listings you will be able to see why they didn't sell. Maybe they were over priced for the conditions, maybe they had terrible pictures, or maybe they needed to be sold to an investor.
- This is where you come in. Show them how you're different by being an investor-agent. This means they may not need to list, pay for closing costs, leave right away, or that they can possibly sell within 7 days if needed.
- Always think what makes you different than everyone else out there.

Online

- There are a lot of resources online that if you have the patience you can find some deals.
- Simply doing a Google search for “**For Sale By Owner**” should bring up a bunch of sites where people typically post their homes because maybe they are trying to save on agent fees.
- Search for **Estate Sales** and either call whoever is in charge or actually go to the house and see if they’re needing help selling.

Online-Continued

- Craigslist is another place BUT, there are a lot of false ads created to bring in “motivated buyers” always **make sure you’re dealing with the homeowner** and not an investor.
- Social Media is another avenue. You can check out many different groups on FB that focus on individuals selling stuff and sometimes you’ll find houses.
- Even though everyone has access to the internet not everyone has the patience to go searching through it on a daily basis to find deals.



Marketing with **Money**

Some people find that they have more money than time

Direct Mail

How you can succeed where others fail

Aside from knocking on the homeowners door, direct mail is the most “direct” way to reach them.

So, why do so many people fail?

- 1.Lack of Money
- 2.Lack of Patience
- 3.Lack of Availability

Direct Mail (Continued)

1. Lack of Money

- Direct mail marketing while effective most people when they start off greatly **underestimate how expensive it really is.**
- While there are **rare** occasion where you send out your first mailout and you get a deal right away. Most of the time you will not be closing on your first deal for **months after your initial mail out.**
- You must set a budget that will last you **6 months to 12 months or more** depending on how competitive your market is.

Direct Mail (Continued)

2. Lack of Patience

- **Marketing takes time.** Most people give up 1-2 months into marketing because they haven't gotten any deals.
- To be realistic you need to go into this not expecting any real returns for 6-12 months. **At least!**
- The few people that succeed are the ones that stay with it. So many times other investors will get a deal just because they were the only ones **still answering their phones** to a mail piece they sent out a year ago.
- Just because someone called you right away does not mean they want to sell right away. Sometimes it could take **months of follow ups to close them.**

Direct Mail (Continued)

3. Lack of Availability

- What do we mean about “availability”? **Being able to take the leads down.**
- So many people spend so much money on marketing and then never answer the phone when it rings! **You lose over 90%+ of the calls you don't answer right away.** Even if you call them back, the chances of them answering are very low.
- Many people have a full-time job while they venture into real estate. The issue is the **homeowners don't always call when it's convenient for you to answer.**
- As a real estate investor you work 24/7! Don't lie to yourself thinking that now you can “set your own hours”. **The leads set your hours now.**
- As soon as a lead calls you need to be able to answer and **go see that house ASAP.** Why? If you don't, we will!! 😊

Direct Mail (Continued)

Setting up a campaign

- **First, set a budget.**
 - Look at how much money you either have saved or perhaps you know you can count on **every month** to be left over for marketing.
 - Even if you say it's \$200/mo just make sure you can do \$200 for the **next 12 months non-stop.**

Direct Mail (Continued)

Setting up a campaign

- **Second, get a list.**
 - You need a list to mail to. It doesn't matter what list it is. **Just pick one that you can stay consistent with for 12 months. Now don't change it!** Especially when you go to networking events and someone says that "*they're killing it*" with some other list, which is going to happen. You need to stick to that list no matter what. If you really want to try another list then go back to step one and start another campaign **SPERATE** to this one.
 - **Some possible lists are** *Pre-foreclosures, Divorce, Probate, Affidavit of Heirship, Code Violations, Water Shut offs, Bankruptcy (or Post-bankruptcy), Loan modifications, Struck off lists(houses that did not sell at auction), Power of Attorney, Absentee Owners, Expired/Cancelled Listings, Driving for dollars (our Favorite), whole zip code or subdivision, etc.
 - Some list providers and mail companies: **Click2Mail.com, listsource.com, yellowletters.com, FLSONline.com, Citricado, County Records, Rebogateway.**

*Some lists you can't mail for 12 months, so do the 12 months worth of marketing within the few weeks available



Direct Mail (Continued)

Setting up a campaign

- **Third, narrow down.**
 - Now that you know your budget and list you want to narrow it down to make sure you get the **most qualified leads**. Just keep in mind that if you narrow to much it might take a lot longer to find a deal because now the lead needs to meet a lot of specific criteria.
 - **Narrowing down could also help with your budget.** While quality matters, quantity increases your chances of getting a deal.
 - You may want to narrow down by location, square footage, beds/baths, year built, year bought (equity), type of property (house, townhouse, condo), etc.

Direct Mail (Continued)

Setting up a campaign

- **Forth, picking the mail piece.**
 - While it depends on which “guru training” you follow there **isn't a proven marketing piece** or message that works better than any other one out there.
 - We like **post cards** for the simple fact the there is a **100% open rate**(because it's a post card they have no option but to read it) and they cost less to mail.
 - Don't over complicate the message by making the mail piece too busy. Pick a **catchy headline** and **bold out keywords** you want them to focus on. It should not take them more than **5 seconds to decide** if they want to throw it away or keep it.
 - **Make sure the way to reach you is clear, legible, and BIG.**
 - If you do **speak another language** make sure to add it somewhere. In Texas, it's very beneficial to speak Spanish.

Direct Mail (Continued)

Setting up a campaign

- **Fifth, putting it all together.**
 - Once you narrowed down your list and selected your mail piece **you are ready to mail.**
 - For the next 6–12 months you will be sending out the **same mail piece to the same list every single month!** Why?
 - **Multi-touch** has proven to work ***only*** when you keep the design the same. This creates familiarity for the homeowner. After receiving the same piece of mail for months it is more likely that they will call YOU over a brand new piece of mail they just got, even if they don't even know why they rather call you.
 - The one detail you can play with is **the day of the week** you send it on. For example, timing it so they get it as their week starts might be better than the weekend or vice versa.

Direct Mail (Continued)

Setting up a campaign

- **Sixth, Track EVERYTHING!**
 - If you don't track what you're doing then **you won't know what works.**
 - One simple way to track is to **dedicate a specific phone number** to different campaigns.
 - There are many services out there you can use for this, one that we like is **Callrail.**
 - This does get more complicated when you are **running multiple campaigns**, which is why you want to make sure you can track the calls. If not, you will never know which one works best and which one you should stop.

Online (SEO)

Search Engine Optimization

- When starting to do SEO you must first have a very **well built, mobile responsive, website**. If not, google will not bring you up.
- Once you have done this, you need to select **popular keywords** you think someone in your market will type in when looking to sell their home.
- Now, you need to **over spend everyone else** that is using the same keywords in their paid ads and you need to **create a ton of content** using those same keywords so google starts recognizing you and puts you on the first page.
- This requires a lot of time and money. While you can do this yourself that doesn't mean you should. **Hiring someone that knows** what they're doing can save you a lot of time and money.
- This is definitely a long-term strategy, which if **you're building a business** you want to start as soon as you can.

Online (Social Media)

Facebook, Instagram, LinkedIn, Twitter, Pinterest, Youtube

- Social media has become the center of many peoples worlds. Please set your personal feelings about social media aside and look at it from a business persons point of view. You want to be where **peoples attention is**, and guess what, it's not even on the roads anymore, it's on their phones.
- Social media is purely **brand building**, not really a route for direct sales.
- You want to be on the platforms you know for a fact you can manage, even if it's just one. Put out as much content as possible to prove to everyone out there that you are an **expert in your field**.
- Social media is **NOT something you want to outsource**. People on social media want to know about you and see you. If you have a software or someone else running it for you, the results will not be the same.
- **Content to put out would be** how-to videos, blogs, advice, tips, market info, project updates, strategies you're working on, or even help you may be needing. Anything that you think might cause someone else to engage with you.
- Each platform has its own **unique way of engaging** so learn which one suites you the best.



Partnering

Partnering

A great way to
*learn while you
earn.*

Boots on
the ground

Money

Partnering-Boots on the ground

Why you should really consider this

- Many **investors need help** but not enough to have to hire a full or part-time employee
- If you have been doing enough networking, you have probably found at least a couple **TRUE** investors that are needing help in finding and/or managing leads. Here is where you come in.
- Sometimes just being able to go to properties to **take pictures** for someone is very valuable.

Partnering-Boots on the ground(Continued)

- Also, by partnering you may be able to **leverage their resources** to make whatever efforts you're doing in real estate become much more valuable.
- When partnering, remember that **YOU** must provide value to the investor and not be a leech. This means that you may have to put in **a lot of sweat equity** before getting anything out of it.
- Try to think very hard about **strengths you may have** that another investor may possibly benefit from i.e. speak multiple languages, construction knowledge, sales skills, computer skills, great researcher, great networker, patient, hard working, etc.

Partnering- Money

- Becoming a money partner is the ultimate goal of many investors. This allows you to **pick the deals you want** and have someone more experience do all of the work.
- Being a money partner also comes at **great risk**, so picking the **right people** to partner with is very crucial.
- As a money partner **usually you're the only one risking money**. While the other partner is putting in their resources, experience, and time at the end of the day you will be the one **to lose your money** if something goes wrong on the project.

Partnering- Money

Choosing the *right* partner

- **Pick the person over the deal.** This does not mean the deal isn't important but, you must make sure that the person that you're partnering with can actually make that deal happen.
- **Verify their experience with referrals.** There are many new investors that want to take on a rehab but have NO experience doing so. This doesn't mean that you shouldn't do a deal with them, but rather, you need to find someone that's experienced in the rehab side to come in on this deal as well.
- **Verify their referrals.** You also want to know if they have partnered with other money partners in the past and reach out to them to see how was the experience.

Partnering- Money

Analyze the deal

- **Trust but verify.** One mistake we see over and over again is taking the word of the investor because they come highly recommended and never look at the actual deal.
- **Verify the Comps.** If you don't know how to run your own comps have someone that does, who is not a part of the deal, do so. You want to see if the investor is being conservative or aggressive.
- **Verify Repairs.** Depending on how familiar you are with construction you may want to have a scope of work to make sure you know what's being done.

Partnering- Money

Pulling the trigger

- **The above tips are just that, tips.** This does not mean you should or should not do a deal with someone. At the end of the day it's always up to you.
- **Don't be afraid of not doing a deal.** We see so many people so eager to get into real estate that they take the first deal that comes to them. This is called *fear of missing out*. Just know that if you're patient eventually you will get a deal but, if you get into the wrong deal then it makes it hard to do another one.
- **Paper it up!** Make sure all of the contracts are correct for the partnership. Even if your new partner has them drawn up have **YOUR** attorney review them. Always protect yourself.
- There are some people that have money **but can never find the "right deal"** this is because you are probably not ready to jump in on your own. Try looking for some other money partners that can lower your risk by putting in some money to help.

Conclusion

Review

- As you can see, there really isn't a **magic bullet** for becoming successful in real estate other than just **putting in the work!**
- Real estate **should not** be taken as a *hobby* or a "*get rich quick*" strategy
- It does require both time and money but, if you are **resourceful** you can leverage either one and become successful.
- Real estate investing should always be looked at as a **long-term strategy**. It does take time to grow a great portfolio but once you have dedicated the time you will see how exponential and effortless the growth becomes.

We always say "*in real estate slow is fast*"



Reach Out!

- We put this together because we believe real estate is by far the best investment vehicle out there and we want to help you succeed.
- If you have ANY questions please feel free to email us at hello@prymehomes.com
- If you would like to **Partner** with **PRYME** go to <http://prymehomes.com/quickstartstepstone> and Select **TIME** or **MONEY**.

Just remember the biggest reason people fail in real estate is for lack of uninterrupted effort. We're here to help you keep the momentum going.