The Anatomy of a Real Estate Investment Flip!

Anyone Can Do It, No Money Needed! No Credit Needed!

Not the Wholesaler This Time!

Daily Cash Flow – The Money Steward – American Payday Services

The Investor's Perspective

In the last PDF training, I showed you how the wholesaler got the lead and tied up the home worth $220,000 once it was fixed up. He then passed it off to the investor who had the cash, supposedly, and the investor agreed to pay the wholesaler $7,000 upon closing. The investor also agreed to pay the owner $160,000 and to handle the repairs, about $10,000 worth. Why would I say that the investor supposedly had the cash? Because he did not, and he may not have had good credit either.

A hard money lender will loan up to about 65% to 70% on a house, of the purchase value. A credit report is not checked, as this is called an equity loan. The loan is based on the equity of the house instead of the buyer. In our scenario, the investor arranged a loan for $110,000 for a 1st loan from a hard money lender, and then he arranged a 2nd loan from a private lender for $70,000. This means he borrowed 2 loans on his purchase for a total of $180,000. Neither lender ran his credit or even checked his income. They both loaned on the known future value of the home which was $220,000. They both had a secure lien in the form of a loan against the house. With the $180,000 in loans, the investor did the $10,000 in repairs, he paid the seller the $160,000 he was due, and he paid the wholesaler the $7,000 agreed upon fee. He even had $3000 left over for expenses, and then when he sold the house for $220,000, the two lenders got paid back the $180,000, and the investor netted $40,000 in profit.

In this scenario, the investor used no money. He used no credit report. ***Why could the wholesaler, who originally found the deal have not just done it all?*** The answer is experience, or maybe confidence, or maybe the combination of the two things. The investor had savvy, and he had the relationships with the two lenders. These lenders know him and his work, and they know they will get paid. It is good to be a property flip wholesaler, but it is even better to be a full blown investor. But the investor faces much more risk. My point is, my mentee, is that you can start as a wholesaler, and work into being the full investor. Why not? Or, just start out as an investor. Are you confident enough? One way you might consider to get into investing is to find a good one and work with him on a deal that you found. That might break you through the threshold of this thing. This is even if he gets 60% and you get 40%.

My whole purpose here was to show you there is no limitation to this thing, if you have the knowledge and desire. I spoke with a lender a month or two back, and he told me this: "I like to get a new investor and loan to them on his or her 3rd or 4th deal, not on their first few." This is almost a conundrum. How do you get the few deals done that they want so they feel you are ready? Again, maybe partner up to get them, and document everything, photos, before and after, and your expenses and profit.   Have it all there ready to show a lender.

Re-read **"The Anatomy of a Wholesaling Flip"** and then this again. We will show you many more of these scenarios.

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