



TRANSCRIPT OF EPISODE 15 OF THE INVEST FOUR MORE PODCAST

Real Estate Investment – Jim Huntzicker

Mark: Hi everyone. Mark Ferguson here with another episode of the Invest More Real Estate podcast. Today I've got an awesome guest, a great guy, I know him personally, and I've met him a couple of times. He's a real estate agent, a flipper, owns rental properties, and reminds me a lot of myself. Jim Huntzicker, great to have you on the show. How are you doing today?

Jim: Hey man, I'm doing great. Thanks for having me.

Mark: Jim got started in 2007. I started as an agent and moved into investing. But, you started as an investor when you first got into the business, right?

Jim: No, I was an agent until '05, we'll call it '06. I started working with investors and how that happened was my father was a real estate investor too, similar to you. When you get into the real estate business, who do you call? You call your friends and family. Everyone thought that since my dad was a realtor with a successful career that it was going to be super easy for me. The only problem is, when I got into the business, everyone that I wanted to call already worked with my father. He was still in the business so I couldn't steal his business. That was his sphere of influence.

I needed to create my own. Of course, I had a couple friends and people who didn't use him. It wasn't enough to make a career out of, so I found real estate investors. It didn't take me long, about a year in the business of working with guys who were flipping houses. I would find them, they would fix them, and we would sell them. They would make \$30,000 and I would make a little commission. I didn't have to do that too many times to realize I was on the wrong side of the deal. That's how I started. I got licensed in 2005 and my first full year, I'd call it 2006. I did pretty well for my first year in the business, with probably 30+ transactions, probably more than most investors. Then, in 2007, I started my investment company. Since then, I've been involved, between agent and investor, about 450 transactions.

Mark: That's awesome. When I started out with my dad, I had so many people asking me, "Well you had a huge advantage because you started out with your dad, you knew what to do, and you had help in the business." Really, I think it's a disadvantage, in some points. First off, I had a cushion. If I needed help, he was there to help me so I didn't have to go out on my own. I think a lot of times when you are forced to go out on your own, you find your own niche sooner than if you are trying to find someone else's path. It took me 4 or 5 years before I found my own path, which was REO and being an REO agent. Once I found my own path, that's when things really took off for me.

Jim: I couldn't agree more. When you have that cushion, a broker could help too there, but because my dad is a little different, I really had to make my own path and break away a little bit. Now, he actually invests with me, but he had never done an investing deal prior to me being in the business. He came around and had to see all the things, private seller marketing, all the other stuff we do. It was totally foreign to him. It was cool to bring him into this side of the world, which I was learning too at the time, so it was neat.

Mark: Same way for me. When you first started investing, was your first deal a flip, a wholesale deal? How did you get into your first deal?

Jim: My first deal was a nightmare. It's a great story actually, well it's not, but it turned out to be. I was a real estate agent who worked with investors. I figured that I knew it all and could do it on my own. I didn't know anything.

Before I even finish this, if I can tell you all this: Get properly educated. There's tons of real estate investing training out there. Find something good. Don't try to reinvent the wheel. You'll take the learning curve off yourself by 10 years, at least. Find some good training because I didn't and I thought I knew what I was doing. My first one, I had the wrong partner, I had the wrong everything. It was just the wrong everything and it was a disaster. I was about to lose money on it. I didn't know how much yet, but I knew I was going to lose money on it. That's what got me into these MLS domination strategies that we are going to talk about. Because I knew that I was going to lose money, I went and put an offer on a property. I had no money, no way to buy the property, and I didn't have the earnest money to put down if they accepted the offer. It was listed at \$440,000. I work in a market that is a little more expensive than most, suburban Chicago.

It was listed at \$440,000 but it was listed for 300 days. I'm desperate here. I'm about to lose money on my first rehab and I just don't know how much it's going to be. It's going to be at least \$30,000, I just didn't now if it was going to be more. Long story short, I go see this house with a client and they didn't want to buy. However, I saw something and it was totally paid off. By public record, it was totally paid off by the owners and they had updated it 7 years ago. It was ugly, the nicest Greek lady lived there and she had the worst taste. They had put a bunch of money into this house and it was god-awful blue everywhere. Blue tile, blue countertops with a white racing stripe, it was hideous. They had it priced for an updated house, which is was, it was just super ugly. Long story short is that I go see it 3 times. The old lady was there and she offered me food and dessert. She was so nice, so I felt awful when I made the offer for \$300,000, when they were listed for \$440,000.

It was very strategic how I did it. I would call the agent and tell them that I liked it but that \$440,000 was too high. Based on what we do with the properties, this is the most I can pay and I'm going to be in the low \$300,000's. Anyway, what I ended up doing, and what I didn't realize, is the strategy I still use today where I get them to ask me for an offer - like an estate or owner occupied sale that I'm trying to get for a good price that has equity. I pull out the public record and show that there is no mortgage. I didn't realize what I was doing there, but I went saw the house three times, and eventually the guy said "just bring me an offer and we'll put it together". I said "alright man" and every time I kept saying it was going to be a lot less and

we're going to be in the low \$300,000's. He said just bring me an offer and so I offered him \$300,000. It was in the low \$300,000's - it was exactly \$300,000. Which was 31% off the list price. Of course, he swore at me and said it was a waste of his time and I said okay, okay. Long story short, they countered back with \$420,000. He called me and said they're at \$420,000, and that I had to come up off of \$300,000. I'm thinking okay, and hang up the phone. I could have told him on the phone right there that I couldn't offer more because if they had accepted the offer, I didn't have the \$5,000 in earnings money to put down. And I surely didn't have the \$300,000 to buy it that I wrote the cash offer for because, I'm laughing now because it's the truth, but I didn't have a proof of funds. I didn't have anything, man. I was just desperate. I was about to lose money, and I was desperate. So desperate times call for desperate measures. They came back at \$400,000 and I kept staying at \$300,000. They were at 380, 360, 340, 320, and then, holy crap, they accepted my offer at 300. And I'm over here, crap, what do I do? Cause I know it's a great deal, but I don't know. I got one deal that's going to lose money. I got no money to buy this. But, like anything, if there's a will, there's a way.

I found somebody to give me the \$5,000 to put down and they became an equity partner in a deal. I didn't even know at the time, because I had no training, but I didn't even know what hard money, private money, or what any of that stuff meant. And I was an agent. I was an agent first and I knew none of this stuff. And I was a pretty successful agent, mind you. I still knew nothing of the investing world because it's night and day different. I think being an agent first actually worked against me originally because I had all of these preconceived notions about what it was, and it was so different. I'm sure you have a similar experience with that. It's night and day. From wholesaling to you name it, whatever, there's all this different stuff.

So I said I need a partner and let's split the profit 50/50. This is the craziest end of the story. I'm almost done. You can't make this stuff up. On Thursday, I closed on the sale, and we made about \$76,000 I think on the one where we split. On Friday, the very next day, I finally closed on my nightmare first deal that I did where I lost \$36,000. I'm not even kidding you, it was almost exactly a wash and I've never looked back. So I never lost money. I mean, I've lost money since then. Everybody that tells you they're a real estate investor and they've never lost money, they're lying, first of all. It happens to the best of us. You know, you get caught up and it costs more than you thought. It didn't sell for what you thought, whatever. You get caught up and you'll lose money and if anybody tells you they've never lost money they're probably lying or they haven't done that many deals. Anyway, point being, I basically washed out of that deal and I never looked back. So that was my first deal I lost money on and my second deal washed it out and they literally closed one day apart. You can't make that stuff up. I've never looked back. And again, I've been involved with over 450 deals since.

Mark: Nice. So on the first deal you lost money on, what was your biggest education piece from that deal? What did you learn the most from the one you lost on?

Jim: Contractor interviewing. The guy that I had partnered up with, that was very successful in his roofing business, and he had made some pretty big money in that business, so I had kind of assumed that he knew more than he did. He led me to believe he knew more than he did, too. I just kind of went along without checking his background more because he was so successful in that world. And so it turns out he knows nothing, and he knew nothing about design and layout

and the colors should be and all the stuff I was under the impression that he knew. From counters to granite, to cabinets, countertops, and flooring, to landscaping - it was a disaster. I couldn't get rid of him because we were partners on the deal. It's always the contractors' fault. So, if you're going to partner with somebody, on anything, like any business thing, you should always do research to make sure that it's a good fit. This was not a good fit. It was the only deal we did together. I was the one that was on the hook for the money, he wasn't, so I'm the one that lost the money. You know, you live and you learn. I would only partner if you have to. When you're borrowing money, I would always just try to have somebody be a lender, not be a partner. I mean, the only reason I did the equity partnership was because I didn't know any different. I'm sure I could have gotten that guy to pay 12% and I could have kept the majority of that \$70,000 to myself, but I didn't know that existed at the time because I wasn't educated.

I actually went and joined a big national company, who now charges \$25,000 a pop, but at the time it was only \$10,000 for education. It was the best thing I ever did. I couldn't afford it. I didn't have any money and I put it all on my credit card but it was the best thing I ever did because I needed that education. Since then, I've never looked back. My entire investing career was built since 07'-08', and you know what happened then. It was the beginning of the end as everybody thought. Now that the market has picked up a bit, I can now say that, in hindsight, I liked it better on the way down - as an investor, not as a homeowner. On the way up, it's fine and there was more people jumping in and there's nothing wrong with a little competition. But on the way down, there were so many deals and so much opportunity. It was riskier, because if it was worth 300 today, when I was done with it, it might only be worth 280. But that's all you did. We evaluated on the way down. So if the comps today are 300, and say this was 2009-2010, which, did you know 2010 was a record volume year? Prices were not what people wanted, but I think it was the 4th or 5th busiest volume year in the history of us recording it. I mean, prices sucked, don't get me wrong. But the volume was there.

So, if it was worth 300 today, we'd evaluate it at 280 and so I would base my ARV off of 280 even though they were selling it at 300. When I was done fixing it up in 8 or 10 weeks, I would list it at 279, and gone. The biggest buyers market we've ever been in, back in 2009-2011, if you listed a property right, it was a sellers market the first seven days, no matter how bad the market was. I'm sure you've experienced that too. It doesn't matter how slow or how much inventory, if you can price that house right, especially a rehab, for the first 7-10 days it's still a sellers market and you can control that deal. So I was able to do that a lot because of the way I was buying them. I like it now because I'm a homeowner, so I enjoy that there is now appreciation again. Looking back, I did not mind that the market was on its way down when I was learning the business.

Mark: Yeah, same thing with me. We've been flipping through good and bad markets and when the market went down, so many people disappeared - investors, homeowners. There are so many deals. You're right, you just evaluate the exit right. Our market prices didn't dive like they did in California or Arizona, and Nevada saw huge decreases. We saw pretty steady decreases so it wasn't as bad here. We made a lot of money in a down market, that's for sure.

Jim: Yeah, us too. I still own a townhome that I'm not quite sure how long I will own that for, because the only time the townhome was worth over \$300,000 in the town I bought it in was the

year that I bought it. Since that, it has never been worth that. That was about 2006. It's the first house my wife and I lived in and told her it would be our little keepsake and we'll always have it forever because we owe so much on it. Even somebody who is successful in real estate investing, I don't think anybody got away from that. Most people own something that they either lost money on or still own because of it. It is what it is. It basically loses me about \$200 a month, that particular house. Thank God I have other investments to make up for it, but I don't want everybody to think that just because I'm success in real estate investing that I don't have bad stuff that went wrong. That's not the reality.

Mark: Yep, exactly. I liked another point that you brought up to about real estate agents and the investor terms. There are so many agents out there, and I would estimate maybe 5-10% really understand real estate investors and what their trying to do as far as rental properties or flips. Like you said, I had no idea what hard money was. I didn't know what a wholesaler was. I didn't know what ARV was. And we're flipping houses at the time and I had now idea what those terms were until I got to the online world. Holy cow, I thought I knew about investing but I had no idea. Then I hear agents that want to take real estate school to learn about real estate investing and I'm like, man you're not going to learn a thing about investing in real estate agent courses.

Jim: You don't even really learn about being a real estate agent, quite frankly. If anybody is getting their license, I tell them just to get their license for the MLS access because you need that, but don't plan on your license doing anything else for you. If somebody was going to get their license today, I could probably help them 3% of the test. I have to take my continuing education, so I know that stuff. But a brand new test from scratch – I couldn't help anybody because we don't use it. It's almost a joke, but it's the truth.

Mark: The test is meant to trick people and when you know dates of when laws were created. It's ridiculous really.

Jim: I'm in suburban Chicago and there's not a farm very close to here, but I had to learn all kinds of agriculture law and zoning and how they surveyed the land. So, I tell investors I teach, if you're going to get your license, don't get it for any other reason that for the MLS access. Otherwise it's just going to be a headache. There are other ways to get MLS access, and I'll go through that in a little bit.

Mark: Yeah, great advice. Now at one point, I don't think you're quite doing this many, but you were doing 15 flips at a time. How did you build up to that? Did it drive you crazy?

Jim: I had a good project manager at the time that ran a crew who had most of the guys on it, so we didn't use a lot of subs, at the time. There are good and bad things that came from that. There are a lot of phone calls either way. A lot of phone calls.

It was right before my kids were born. I have twins, just like you do, that are almost going to be 4 in 3 weeks. So I was "go-go-go" as you can tell by my personality. I talk fast – I have a very rapid personality. I kind of go full force into everything I do. If I do it, I don't do it a little bit. I don't know how to do things a little bit. So, there's good and bad perks to that. Anyway, once my kids were born, I dialed everything back and went to 1 or 2 because the first 3 months my

twins were born I don't even remember. I'm sure you can appreciate that. Then I went to about 4 or 5, and that's kind of where I hang out now. If the deals are right, I'll go up to 10. But I usually just hang out doing about 4 or 5 right now because it's comfortable. My goal at this point in my life is to hang out with my wife and kids as much as possible versus making money as much as possible. I like money, don't get me wrong. Once my kids go into school full time I'll turn things back up again, but for now it's more about time. When they are this young I just want to hang out with them as much as possible. I don't leave my house until my kids and wife are gone. Whatever they do in the morning is what dictates what time I leave. So that's kind of the cool part about being self-employed and a real estate investor. Now they're leaving at 8 a.m. for preschool, which is early, and I'm like, crap, I haven't even showered yet. They used to leave at 9 or 10, and I would hang out with them for awhile, and then they would go to a play date or something at 9:30, and then it would be time to get to work. I used to get to work at about 7-8 a.m. before them, so don't get me wrong, it's not like I'm lazy. But hanging out with my kids in the morning is one of my favorite things I do.

Mark: Nice. No, I'm the same way. I get up when my kids get up so it varies everyday depending on what's going on. I try to be home by 5 at the latest usually. It is nice being about to control your own schedule for sure. Like you said, there is more important things than money when you get to a certain point.

Jim: Money was the driving force for a long time, but it is no longer. I need money, I want money. I like money. Don't get me wrong, but it is no longer the driving force. It's more about time and family to me. And I need money, like I said. I like to buy things.

Mark: I do too. So, you're doing 15 flips at one time and now you're cutting back to 5. You also own rental properties, which is funny because I was asking you how many you have and you said you have 16 now, which is exactly how many I have. When did you start buying your rentals and what kind of made you jump into that as well as doing the flips.

Jim: Well, being in the real estate business, some of them made sense to keep. I saw some foreclosures come on the market. A couple of properties I own are a duplex, a two flat, and they were just beat up foreclosures. So, if thought if I could buy these cheap, fix them up to rental quality, and rent them out. I put them into ten year loans, so they were basically paying themselves off which I am well into it now. So in about 6 years they will be completely paid and it will just be cash flow. I actually have a floor unit, and this just goes back to one of those stories about knowing the ROA agents and part of what I teach on my MLS foundations stuff, which we'll get to, is how to make the smaller ROA agents. Guys doing 15 or 20 ROAs a year, it's my absolutely bread and butter of buying my rehabs in the MLS. One of my buddies said, hey I got this thing under contract, and it's listed at 399 and the bank had rehabbed the whole thing. It's total rent ready, the whole thing is ready to go. You might have to put a roof on it but he said you could probably let it go for 3 or 4 more years. He said it's under contract right now but they're backing out. He said if you jump in at 400, it's yours. We won't even put it back on the market. Which happens to be all the time, where I have a guy call me with a problem with a contract that is falling apart. They don't want reactivate it because they don't want all the idiots giving them offers again, so they just want to put somebody who they know is going to close on the deal. I get these calls all the time. It's awesome. And so, I can't even sell it. I want this thing.

So it's a floor unit and the thing brings in about \$6,800 a month in rent and I have it in a 10-year loan because it made sense. That thing is like a cash cow. I did put a roof on it because I don't want to deal with stuff. So the roof cost me like \$15,000 because it's kind of a bigger roof. My buy in was about \$415,000. But the thing will pay itself off in about 10 years and I'll have about \$6,000 a month after taxes that is cash flow. So, yeah, I love rental property. I like money.

Mark: Are you still buying rentals actively now?

Jim: Yeah, I moved out to the Rockford market, which is about an hour west of where I actually live because I can buy them for cheap and pay \$20,000-40,000 for duplexes they cash flow like crazy. I put them up with a management company I have a relationship with, and that's where I'm focusing now because it just makes sense. They're cheap. They not huge but it's a rental community and there is not a ton of appreciation out there but the cash flow is crazy. It's just awesome. So that's where I'm focusing my time. Not that I won't buy them by me because I'm in suburban Chicago. If a good deal comes, I'm going to buy it. But I actually just cashed out one of mine that was here, a little rental. I bought it for 70 and I saw the market go up to about 135 and I'm like, crap, if I put \$20,000 in this thing, I could make about \$30,000 on a little tiny house. So I sold it and I'm going to dump all the money into the Rockford properties because I have a couple that I want to buy and keep because they are good cash flow. Brick duplexes that bring in about \$11,000 a month, you can pick them up for about \$35,000-\$40,000.

Mark: You will actually help some investors buy out there, too, won't you? You have a few turnkey properties too, and you're selling.

Jim: Yeah, I'm selling them. It's difficult for me to sell them because I want to keep them all. But, I do sell them too. I'll mark them up after I fix them up. Even if there are tenants in place, I fix them. I'll put new roofs; I'll put new furnaces. I get them so that nothing major will be needed for at least the first 5-7 years. Then I will sell them to other investors. With renters in place and management companies in place, it's literally turnkey cash flow and the first month you buy there is money coming in. I just started this about a year ago and I've been slowly doing it. It's just hard for me to sell because the cash flow is so good, I don't want to sell any of them. I started that business to sell them. Buy them for good prices, fix them up, make a little bit of money, sell them off still with great cash flow, usually about 13-14% after expenses. It's just still hard for me to sell them because the cash flow is so good.

Mark: Yeah, I can see why. Alright, now the final phase. Your real estate business – are you still selling actively? Do you have a team? Are you just kind of putting that on the back burner right now? How's the real estate?

Jim: You know, it's funny. I do sell to agents still. I am very, very choosy. I only do kind of higher end stuff and it's all referral. I don't work with anybody that is not referred to me. I'm a RE/MAX agent, I have been for 9 years. But I'm very picky, like I just had a couple referrals come in that were lower end stuff and I have a buddy of mine that does about 50 million a year – he's got a huge team. And I referral all my stuff to him, we have an arrangement. I do take stuff on myself. It's funny, I just got interviewed to be in Top Agent Magazine and after the interview the called and said, hey do you want to be on the cover? I didn't really stress how much real

estate investment I do, but what I think is cool is that I consider myself a real estate investor and a real estate investor is not going to be on the cover of Top Agent Magazine. I don't know, I thought that was pretty cool.

Mark: Nice. No, that's very cool. Very cool. So, we talked about your rental properties, your flips, and being an agent. I've interviewed quite a few different guests who are flippers and wholesalers, and they are primarily getting their deals from direct marketing, you know, off market properties, sending direct mail, billboards, even bandit signs. I've bought a couple properties that way, but I'd say about 90% of my deals I buy through MLS. And I know you do, not quite that many, but at least 75% of your deals are through MLS. And so, what's the attraction you see to MLS? I know why I like it, but why do you like MLS so much?

Jim: It's cheap and easy, first of all. Well, I don't know about easy but it's cheap, marketing cost wise. That's not why I do it, but it's a fact of the MLS. Maybe not everybody knew what MLS stands for but it actually stands for Motivated List of Sellers. No, it's the Multiple Listing Service but, I call it the Motivated List of Sellers because you'll never find a larger list of motivated sellers because everybody in there wants to sell. Now, most peoples' problem with the MLS that I hear all the time because I teach on this stuff, are two things: they say it's too competitive or there are no good deals. Those things can't work together, right, because if there are no good deals, it wouldn't be too competitive. What that tells me about people that are either trying or that think it's too difficult, is that it's too difficult. They don't know how to navigate through the system of the MLS to get the good deals. I mean, you get 90% of your deals from the MLS, and I get 75% of mine. I had lunch with a guy a few months ago that's in my MLS but he is about an hour and half away from me. The guy does about 200 rehabs a year. The guy is a rock star. He was bragging to me; he works from about 5 a.m. to 10 p.m. and he was bragging to me saying that he gets a lot done. I'm like, that sounds awful. I didn't say that to him, but it did sound awful to me. I want to work as little as possible. Anyway, the point is, I thought he had some underground deal source - this guy doing 200-220 rehabs a years. When I looked him up before I knew him, I plugged him into my MLS and he had about 76 properties under contract that were rehabs for sale. I was shocked. I got to meet this dude. But anyway, he does about 80% of his deals out of the MLS too. I don't do that many. I don't want to do that many. If he can do 13 deals a month out of the MLS, I think anybody listening can do 1 or 2. You could put me in any MLS in the country and I'll could pull 1 deal out that you could make money flipping. So anybody who says that you can't use the MLS to get deals or it's too competitive just doesn't know how to navigate through the system, that's all.

I love it. It's cheap, it's easy, and it's there. Every single person in there wants to sell their house. Now, when people say they can't afford to sell for what we can pay, that's true. Not all of them. A small percentage, lets 3% or 5%. What do you think you're going to get with direct mail? What do you think you're going to get with bandit signs? A good response for direct mail is 3%. That's a good response. You should be happy with that. And of those 3%, if you can close 10% of those, that is good for direct mail. So the MLS stuff is no different. Yes, there are 97% of listings that don't qualify for what we do. But there are still the 3% or 5% that do. But that's why I like the MLS. It's cheap, and once you have access, there they are. You just have to start putting offers out and it's strategic offers. I know there are guys that sell these offer bots systems that just kind of throw out 200 offers, and will that work? Sure. If you throw out enough bones,

eventually you're going to get one. I'm more strategic. I'd be curious to what you get, but I get about 10%. Meaning if I put out 10 offers strategically, I won't get 9 of them but 1 I'll get. So if I need to buy 2 properties, I know that I got to do about 20 offers. It's strategic. I call the agent. I've never submitted an offer in my life without calling the agent first. Even if it's an REO, a big REO office where its hard to get ahold of the agent. Because, tell me how annoying this is when you get an offer on one of your listings and nobody called you. You know it's going to be a piece of crap offer when it's super low. I get low offers accepted all the time – my record is 32%. Now, first what I did, 440 to 300, that's not even my record. That's 31% so it's close. My record, it was listed for 400 and I got it from 273, and that wasn't by hiding behind an email or a fax machine. I called the agent. You know, I told you, they think I went to the property 4 times. I went there once. It was vacant, perfect, paid off estate sale, on the market 330 days – totally ideal. I called and set up a showing for the next day. And I called the agency and said I'm really interested, buy oh man, it's priced high. My wife has heard me do this in the car so many times, she calls it my acting job because I saw we love it, but all I'm doing is telling them what they want to hear. But, again, I'm fishing for the agent to say hey, can you bring me an offer and we'll get it together.

Don't be too low. But I want them to ask me for the offer. They can't be pissed off if it's low because they told me to give it to them. So I'm setting them up to ask me for the offer. This particular one took me 4 times. I went there once, I saw it for myself. I love this house but I couldn't pay 400 for it, I could only pay 273. It was paid off, on the market for a long time. It was originally priced for \$550,000. The next day, I called and scheduled a showing. I don't go, it was on a lock box and a dial. They don't know if I go or not. I call them and tell them that I'm still interested and schedule another showering, don't go, call again. I tell them I love it but that it's going to be lower than 400, I don't want to insult anybody so I keep going back to that I really like this house, the acting part.

They sold it to me for \$273,000 and I didn't twist anybody's arm. They thought I really liked it and I did really like it. I didn't have to go four times to know I really liked it. Mentally, the sellers needed to get in the mindset that I had gone four times to sell me the property for the price I wanted to pay. All I have to do is stage the offer properly, which I did. When I submitted the \$273,000, the agent did not like that; it was not well-received. She took and said I didn't realize it would be this low. This is the key and I say this every day of my life, based on what we can do at the property, this is what we can pay. I'm not trying to insult you or your clients, but based on what I do with the property this is the most I can pay. I say that every day of my life because I submit low offers every day of my life.

If it is staged properly then it is received well. Even if the agent is swearing at you, if you have to be super cool and respectful. They don't get what you are doing, agents don't get what investors do. That's why being an agent first didn't work because being an agent doesn't work as an investor. They don't know what wholesaling is, what private and hard money is. They don't know anything about it. You can't fault them for that. Never listen to the listing agent ever because they never know what the seller is going to take. In this case, she called me back in 10 minutes. She was swearing at me 10 minutes prior. 10 minutes later she called me saying they would take it and asked me how quickly I could close. We closed in 10 days. It was sitting there for 300 days on the market. I think we made about \$75,000. I'm very happy with the profit and it

was sitting there for anybody to grab. But, it was listed at \$400,000, so in order to make \$75,000, you had to buy it for \$273,000, which people didn't think was possible but I did.

Mark: You said a few things there that struck with me. If you ask a listing agent want the seller is going to take, legally, that listing agent may not even be able to disclose what that seller told them.

Jim: They probably don't know the bottom line because the seller thinks agents are shady. They won't tell them the bottom line because they think they are going to sell them down the river to their buddy, bring in a buyer and steal the house away.

Mark: If the listing agent knows they are going to take 20,000 less they probably aren't going to tell you that, and they shouldn't. Legally, and ethically, they shouldn't unless the seller gives them permission to. I don't know any sellers who are going to give them permission to do that. The other thing about direct marketing, 2 or 3 percent of the listings on MLS, you might be able to flip or get low enough. You are spot on with direct marketing. 3% is a good response rate and 50% of those people are going to be mad that you called them and annoying. 40% are going to want a retail price with no real estate commissions and think they are getting a smoking deal. You have to identify the 10% who are really motivated and negotiate with them. It's a lot of work.

Jim: You have to deal with private sellers, their siblings or their kids, or whatever else. I've got a quick story. A lady died, I was doing some probate advertising. Actually, her husband died, I went to meet with the super nice old lady. We already talked about price because I knew the market really well. I showed up and there were cars everywhere. I go inside, the old lady was there, and so were all her kids, siblings, spouses, there were about 13-14 of them. The only thing that was missing from the table was the Ted Nugent music. They all had old style cigarettes, it was like out of a movie.

They are all looking at me like I'm a vulture, saying I'm not going to take their mom or aunt's house. They were looking at me like they were ready to kill me. I left with the contract. I don't usually leave with the contract because I'm a licensed agent, I never want to push or turn anyone away. I tell them we will get them an attorney, I want them to feel comfortable. I left with a contract that day because they were all ready to kill me. I'm sure there were guns in the house somewhere, definitely nice. I had never been more transparent than that day in my life, because I feared for my life, not really, it was intimidating. I told them I thought the house was worth \$260,000 but here's what I was going to do with it. I'd give them specific details on what my rehab process and plan is, as well as what it was going to cost me. I overwhelm them with information and tell them everything that I put into a deal and who my target is. I told them you have to pick the right finishes because if you pick wrong finishes it could sit on the market, and that's true.

So, I went through all the details and I was never more transparent. I told them here's what I expect to profit, here's my holding costs, here's my selling costs. I showed them everything. They were so overwhelmed by it and appreciated it too. They were not okay with the price when I walked in the door, I think it was \$110,000 or something. They actually thought it was a fair price and thanked me for being so honest. Since then, that taught me a lot, and I have a lot more

transparency in my private selling. The point is, it's a pain in the ass to do all that. The MLS is a lot easier.

Mark: I know when I make an offer on the MLS, I don't put as much work in it as you. I usually see the property, I write up an email to the agent, and then that's about all we do.

Jim: I haven't written an offer in 5 or 6 years. I don't even know what our contracts look like anymore. I have my own song and dance, and I don't do it every time. But, on deals that have been sitting on the market, which I know there's equity in because I've looked up the tax records to see what they owe, I talk that pulling deals out of thin air. I'm not kidding, I could go on any MLS in the country, run a few searches and be able to pull up a deal. I'd have to do my song and dance to get that price right but I can do it anywhere. I do it every year. I find one or two when I need a deal, go fishing, go on the MLS, I start looking and start with the market time.

Okay, 300 days, and I see a bunch. I take about 10, send to my assistant and say to send me all the ones that have 0 mortgage, and start there. Then, I go see those properties. I feel out the agent and look for some feedback. I always look for good feedback, probably because I'm an agent, and I hate bad feedback. I've realized giving good feedback gives you so much credibility, so I give incredible feedback, even to REO agents because you want to make some friends in the REO business. Give them really good feedback to take back to the asset manager because you may not be able to buy that property today but you may be able to in 6 months. Even if that property doesn't work out, if you give REO agent solid feedback that helps him get price reductions then he's going to like you. That's my little secret to how I've met a lot of REO guys. How I've met a lot of the smaller REO agents in my market is that even the properties they have listed that I don't want, I schedule showing within a week period, about 4 or 5 showings within a week period, and give phenomenal feedback as to why it was overpriced, what I could pay and why I could pay. This helped them get a reduction.

What I was doing is the next week, I knew my name was in the forefront of his mind so I'd send them an email or something. I'd say "hey I saw a bunch of listings last week, none of them really work for what I do, and they're a little overpriced, but you list houses in my market and I'm a licensed agent and rehabber, maybe we can grab coffee or get lunch." I've never had a guy say no after I had just gave him very solid feedback. Nobody says, well I don't know, or I'm new. I didn't know any of those guys either, I still do that today. If it's a new REO guy that I see today who is doing 10-15 deals a year, you better believe that I'm going to do that same strategy to meet that dude.

I have a little more credibility in the market because my name is known now, but he may not know me and I could use some stuff to get my foot in the door without doing that but I still give great feedback because it works. It's a great way to build rapport, it's a great way to have your name in the market, they love it, and it's just a very good thing to do.

Mark: That's great because I'm an REO agent and even though there is virtually no REO in our market right now, our prices are so high. As you said, the asset managers, if you want a price reduction, you don't just ask for a price reduction and they give it to you. They want to see feedback, they want to see a new BPO, new comps, proof, and also they'll want to see low offers

too. They'll say "Do we have a low offer that shows the price is too high?" And it doesn't hurt to submit low offers on REOs on that front either.

Jim: Which is what your REO friends will ask you to do sometimes.

Mark: That happens with HUD. They'll say, "Hey we know this price is too high but we can't reduce it over a certain percentage unless we have more proof, have you any low offers on it?" On this particular property, it's 200% overpriced, I'm like "No, nobody is stupid enough to make an offer on it because it's so overpriced." Except for you, just kidding.

Jim: I've been asked to do that too. I'll have a buddy call me and say we need an offer on this can you low ball it for us? They want a real offer, with a proof of funds, a real investor, so they can say this is all we got. I don't know if I've ever bought a property that way. I'm sure they handed me another deal as a favor because I gave them that offer. I've done that several times over the years, probably less than 20 times with some of my REO buddies that needed a low offer, because they needed a price reduction. So, of course, one hand shakes the other, if you give me a deal, they'll call me with a deal. This is why you meet the smaller REO guys because they call you with a deal on Wednesday that has to be listed on Saturday or Friday. They'll give you the code to go in and pay list price on it. They tell me to go look at it today, they'll have to list it on Friday but we will submit your offer immediately and we think you can get list price. I let them double on the deal because I rarely represent myself. I only represent myself as an investor, if the agent is going double on the deal, if the bank doesn't want to do a latency. I'm not going to say no to a commission but it makes sense to let REOs double on the deal because they may hand you deals before they hit the market because they will make twice as much money. Sometimes it's even more because their end is a lot smaller than the buyer's side. Often times they're making more than double so they will hand you deals.

I've had several guys hand me large profit checks. They didn't know how much I was going to make but they knew it was a good deal and they literally handed it to me.

Mark: Right, great points. So all of this MLS talk and how you get deals, you actually created a program to teach people how to do this. It's called MLS Domination. Tell me a little more about that, how that works, and how that has been going so far.

Jim: It's great. It happened by default. I fly by the seat of my pants in a lot of stuff that I do. I was teaching for a large national company, real estate investors. I didn't like that, it got to be too big of a company. I came on as the 11th coach and by the time I left they had about 77. It was wild how big they got. I think I heard last year that they had like 150 million in sales, so good for them. It wasn't quite the right environment for me. I realized that I liked teaching.

Long story short, I started teaching one-on-one on my own. I was charging these guys pretty big money, about 5 grand a month. I kept teaching them, it was 2 calls a month and email support as much as they needed. In the 2 calls a month, we kept going back to MLS stuff. I thought, "These guys are paying me big money and all they want to learn is MLS stuff." They were cool with it but I was not okay with charging them 5 grand a month with what I thought was teaching basics on the phone.

I set out to create this program to give to my one-on-one students. When they signed up for my program I could give them MLS Domination and then we could talk about higher level business building stuff during our calls, like process creation and learning how to market, all of this different stuff that I didn't know I was getting myself into. I realized that it was actually an awesome product that I should make it a little better and sell it to everybody versus my one-on-one students. That's what happened and it's an awesome product, I'm getting awesome feedback, and it's still in the early stages. We've sold a bunch and people love it. There's an "Ask Jim Anything" forum in there so anyone who buys the program gets to ask me direct questions. These guys used to pay 5 grand a month for my one-on-one program, so for peanuts people can get that and I go in there twice a week and answer every question personally. You get 6 months in this program of asking me anything you want about the MLS. It's awesome and I love it because I get to teach and help people. I started it, not for the reason that it ended up being, all good things, but it became something totally different from what I started it out to be and I absolutely love it. I love teaching and helping people so it's a cool. It's how I get deals so I'm just showing people what I do every day. It's a 6 module course all online. It's super easy, there's all these cool bonuses, and people love it. We are just starting to market it now. It's a good program. I put my heart and soul in it and I'm very proud of it.

Mark: I've taken a look at it. You were nice enough to let me look at the videos and there's a ton of great information in there. I've learned a lot myself too. It's not just for beginners, there's a lot of information in there that anybody can use, finding those deals. The techniques of talking to the agents and REO people, if you can do that, it's a huge advantage, it really is. Great program.

One thing that I wanted to ask too, do you every pay over list price? We talked about getting less than list price. Are you seeing awesome deals where you are getting involved in multi list offers and paying more than list price?

Jim: Yes, all the time. People like to hear the discount. Paying over list price isn't sexy. Paying 32% off of list price, now that is sexy. I pay over list price all the time, I would say more than getting the deals lower. My favorite sales on MLS, by far, is estate sales, hands down. The smaller REO guys, if you can get 5 or 6 small REO guys to be in your pocket, that's not the right term but, if you can work with 5 or so then that is ideal. They will be your most consistent stream of deals with REOs. But, my favorite deal is estate sales. A lot of times agent under-list them. They need a total update and they aren't sure so it's a hard thing to list. Usually, estate sales is where I end up paying over list price all the time and I have no problem doing it. Just like when a wholesaler brings me a deal, I don't care how much money he is making if I can pay his price. I don't want him to gauge me, I want to have a working relationship so don't charge me \$50,000 if you could charge me \$20,000, but I have no problem paying over list price, I do it all the time. A deal I just got, listed at \$239, got it for \$245. Well, I tried to give the agent the commission but she wouldn't do it, which got awkward and I don't know what happened there, is I took the commission myself. I ended up offering about \$251,000 which to me, was \$245,000 because it didn't make a difference and I got it. We were over list price by about 11 thousand but if you factor commission in it was about 5 grand over.

Mark: It blows my mind, especially me being a listing agent, doing some REO work, how many people submit an offer and as soon as they here there are multiple offers, they withdraw their offer. They don't even submit it. What are you doing, just submit your offer the same. Why are you afraid of competition? Competition means it's an awesome deal.

Jim: The flip side is this. One of the bonuses I give away from the program is The Retail Buyer's Flip Strategy because when I'm selling my rehabs, I no longer disclose multiple offers. That started last year. The buyers want a good deal, that's probably what you are experiencing, and those are probably more retail buyers than REOs I would think. I'm not sure. Either way, the retail buyers are brutal today. I had a deal the beginning of last year, listed it for \$495,000, and had list offers. 2 at 495 and one at 490. We take the one that was putting the most money down and 3 days later, the day of the inspection, they get cold feet and back out, don't even do the inspection. We go to the second 495, and they said they changed their mind and no longer want to buy either. Are you kidding me? Then we go to the 490 and they take it. They do the inspection and back out afterwards without asking for anything. Inspection had nothing to do with it, they just decided they didn't want to buy the property. Now we are 3 buyers in and on the market twice, on and off. Accepted offer, contingent, reactivated, and accepted offer, contingent, reactivated. One was 3 days and the other was 10 days. So now it looks like inspection issues. That property sells 3 months later for 467. I lose 30 grand because of these buyers and it was my fault for disclosing multiple offers.

You can tell I'm a little bit passionate about that because they screwed me there so we don't tell anymore. On my retail side, when I'm selling my rehabs, if I have multiple offers then I don't tell anyone, I just counter offer very hard. The offer that I finally accept, I want them to feel confident and comfortable that the deal is theirs so after they give me the earnest money, whenever that is. As soon as I have it, I tell the agent, just so they know we had 2 other offers come in since yours, we don't have the earnest money yet, but since we are a man of our word, we are sticking to the deal. Just so they feel secure and reinforced with their price. Their mindset before was that they felt like they had overpaid where now when we accept their offer, they now feel relieved that they got it over other people. It's worked famously. When you tell the other two offers that we accepted someone else, they are like, "you didn't even tell me you had other offers!" I tell them that they offered more that was 10 grand over they had and I say that I will take that and then they back out! Then I screwed myself by taking the higher offer because they backed out anyways! So I do not tell them when there is multiple offers. Even if they offer me 50 grand more, unless they are cash from appraisal, I do not accept them because the odds are is that they will back out. The level of insincere buyer is astonishing to me.

That is why I put the bonus in the program, the Retail Buyers Stick Strategy. It analyzers your end buyer. It is little tips that I've put together over the years of what to do and what not to do. Me, being the agent who sells these things, or how to control the deal, the financing. There's lots of little tips in there that I've learned. What not to do, mostly, to keep that buyer in the deal. People would be shocked, "Why wouldn't you disclose multiple offers? Don't you want to most money possible?" Of course, but if they all back out and screw you out of \$30,000, then that really didn't work did it.

Sorry, I went on a rant there but I feel VERY strongly about that.

Mark: That's a great point. Like you said, if you have a house on the market that goes under contract, the loan falls through because of the inspection. Then, 15-20 days, it comes back on and does it again, people are going to think something is wrong with it. They think it's the inspection, and they think something is wrong with it. They see the days on market and won't even look at it because they'll think something is wrong. It's going to cost you 10-15% of your asking, but if you're asking for multiple offers, pushing people, you might make a couple grand more, but you're risking a lot more if they back out. I like that strategy.

Jim: By default, it happened. I didn't mean for it to happen. Every time I lose money or cost me money in some way, I think well there was a year of college, I didn't go to college so another year of college. That's how I keep myself sane, I've lost a couple \$100,000, maybe, I don't keep track, just count that as college, Harvard actually.

Mark: We've been through the flips, the rents, and your program. I think that's all I wanted to go over. You've done a great job. If people want to get a hold of you, what's the best way for them to contact you?

Jim: They can go to my website: <http://www.JimHuntzicker.com> . You can email me or contact me there. There's information on MLS domination there as well, some of my Mastermind programs, as well as other things that I do. You can find anything about my there. I appreciate it, it's been a great call, thank you.

Mark: Thanks, we will have links to your pages so people can get in touch with you. Thanks a lot for taking the time out. I really enjoy having guests where I learn a lot too, and I did, from your strategies. Thanks a lot, I'm sure we will be in touch soon and I appreciate your time.

Jim: Thanks buddy.

Mark: Take care.