

REI NETWORK RK

Episode: 101

7 Steps Investors Must Take Now to Survive This Market Crisis

Hosted by: Gavin Timms and Joe McCall

Joe: Hey, guys, what's going on? Joe McCall and Gavin Timms. How you doing, Gavin?

Gavin: Good, Joe, how are you?

Joe: Excellent. Hey, listen, this is really, really, really important. We're talking about this topic right now because times are changing, the market is shifting. We're starting to see it in our own business. A lot of the big institutional buyers, the buyers that we're buying all of our deals before are starting to back out and they're starting to pull out of deals. Doesn't matter if they have 5,10 grand in earnest money deposits, it doesn't matter that they actually have the deal under contract to buy it. They are backing out of deals right now, left and right. And we're starting to see a lot of things going on right now. And we want to talk about in this video real quick, the top seven steps active investors must take. Now, whether you're a wholesaler doing houses or doing land or doing lease options or whatever kind of strategy you're doing, these are the seven steps you need to start really actively taking serious consideration and steps and moving towards if you want to succeed and prosper in this market. Gavin, you talk about your business a little bit. I'll talk about mine. Like, what are you starting to see on the with the deals that you're selling right now?

Gavin: Yeah. So as of a we closed for last month and as of last week we found out we were with a few different hedge funds. We also obviously have local buyers as well. But out of the out of the hedge funds, all of them had pulled out from the ones we worked with, Buy one and the one that has it pulled out, they've dropped their prices from 85% buy in to 75%. So they've dropped it 10%. They are still buying. But the rest of of kind of just sitting out and kind of waiting to see to see what's going on. And, you know, from personal experience, Joe, you know, when the hedge funds really got cranking for us in 2018, normally they fund every quarter, a lot of them do. So they actually ramp up their funding for every quarter. So four times a year. And we had about 12 deals we were due to make about to 220,000 in 2018, in closing with one hedge fund and they lost their fourth funder. So they came to us basically with we can't close these deals because we don't have any money, because the fund, our main fund is just pulled out and is now not funded. And it was a mess. It was a mess for us because we were overpriced, right? We were locking these things up. No one would pay local prices for these deals. And it was a worrying time. We made just close about \$60,000. And then we had to go back to the seller's and, you know, do whatever we could to move these deals, whether it was retail,

whether it was doing whatever we had to do to may not even make any money, just do the right thing and get these things closed. However, and we got through it locally, but it was a worrying time and from that moment because I think you learn from your experience. Right. That's that's what we do. And as coaches, we try and put this back in to go, well, this is what I've learned. And from there, I always I always knew that I will not be contracting things that I can't move as well locally. Right. And that's that's kind of what we're now seeing now. So now they're actually pulling out because of the market. So for different reasons. But this just goes to show that you can't just rely on one thing.

Joe: Yeah. And then we're starting to see dramatic shifts in all kinds of different places in real estate. And we're going to talk about this here for us with vacant land, we don't really ever sell the institutional investors anyway. That's where we're kind of seeing the biggest shift with what's with the companies, with the big money, but with vacant land buyers are getting a little more picky. But here's the great thing. We're seeing sellers being more willing to negotiate and lower their prices. We're starting to see a lot of in housing specifically right now. We're starting to see a lot of huge increase in price drops, a lot more people dropping the price. And we're seeing a lot more a lot of deals going from active, depending falling through, coming back to active. So there are a lot of buyers are falling through because interest rates have gone up. All right. So let's talk about this real quick. Well, what's the problem? We are entering into a recession, no matter how you define it. I think it's pretty, pretty, pretty clear right now. Stock markets crashing. The crypto markets are crashing. Inflation is going up. It's the highest it's been in 40 years. And you could argue, well, it's still not had as bad as it was in the twenties and thirties or whatever, but it's not as bad. So I'm going telling you it's not as bad as it is in Venezuela. Well, okay. Yeah, granted. Right. But interest rates are going up and still historically interest rates are low. But we're seeing the shift in the market and we're starting to see it as I'm talking to investors all the time with my podcast. And so we're seeing market, the housing market slow down. Now, we're still selling deals, but the whole point we want to make here is that we need to be positioned. In the right place where we can still profit and sell these buy and sell these deals at a profit. Right. So we're starting to see this right now. Hedge funds, they're either pulling out of the market, which is a majority of them, or they're lowering their prices. So before, like Gavin said, they were offering \$0.85 on the dollar. Now they're offering \$0.75 on the dollar, which means you as the wholesalers, the investor, finding these deals. If you're working with one of these few hedge fund companies that are staying in the market, you now need to be lower. And Gavin, talk about this a little bit. I mean, this has been going on for a long, long time, for many years. Great thing about working with these big institutional buyers is they pay so much more. Right. But on the flip, the switch, if something's going wrong in Wall Street, they will shut everything down. It doesn't matter if the House is under contract or not. And so a lot of these big institutional buyers they're getting now to where. All right, we need to buy these things at what the local investors are paying for, right?

Gavin: Yeah, absolutely. You know, you're exactly right that they will they will just drop you just drop me like a heartbeat. Right. It's literally like that. They don't because there's networking. Right. And then there's hedge funds. So all that means is it's not like a local buyer that you have a great relationship with that you can say, well, look, how can we figure this out? Let's work on it together. They're like, No, the boss is above the asset

we're doing. We're not buying. Then that's the end of it, because you're working with someone that works for a company and they do not have the final say. And, you know, and that's the you know, the big thing.

Joe: I was going to say to you, this is all tied to the stock market, right? Because like, it's hard to understand. I don't even understand it all. But when this market crashes and the economic indicators look bad or whatnot, these hedge funds are leveraging money and interest rates. So as interest rates rise, they can't leverage their money like they used to in the stock market's tanking. So they get skittish, they get nervous, they move their money from here to there. And that is what affects what they're buying in the housing market. We have some zip codes in the St Louis area here. I was just looking at this recently for a local news story where 40 to 50% of all the homes that are being sold in the zip code were being sold to big institutional investors. So that is that is really, really slowing down right now. So, yeah.

Gavin: Absolutely.

Joe: But lenders and banks are also tightening their lending requirements. So if you're somebody who is using institutional money banks to buy big portfolios of properties, you're starting to see or even like if you're doing the BR strategy and you're buying and refinancing and all of that is starting to see higher requirements, you need more down payment. Interest rates are going up, which erodes and cuts into your cash flow, and they want to see more cash in the bank. So it's getting harder and harder to get financing, regular, traditional bank financing because they're tightening their restrictions. Right. Yeah. So bottom line, you can't rely on institutional buyers anymore, but this is what's actually exciting. This actually presents an amazing opportunity for us as investors, as wholesalers, mainly because like, we can adjust and change very quickly. We're moving into a buyer's market right now, aren't we, Gavin? I mean, this is and then this may take this whole shift may take months, three to 6 to 12 months to shift into this buyer's market type of thing. But we're starting to see it right now. It's very, very plain.

Gavin: Yeah, absolutely. And for the new investors, right. What's happened over the last two years is basically you've come in and you can negotiate a higher price. That's not realistic for for the last 20, 30 years. Right. So you're coming in and you're you're locking deals up because you are selling to the hedge funds and some are paying up to 90%. Right. You're not going to find a local investor unless it's a good buy and hold. Right. It's going to pay you 9%. It's just not going to happen. You're going to be at 75, 70%, sometimes even 65, depending on your market. And that's that's where it gets harder because people are going, well, I've been in the business two years and I'm locking them up. You know, let's say for 100 grand you'll get intimate 70, 80, \$80,000 in Sandridge for now, you've got to come in and get them at 50. So you got 30,000 last to still make a ten spread. So as Joe says, the big thing is, though, is that you have to turn that into a positive and say, well, here's the opportunity. This is why you need to scale up. This is why you need to get better at what you do, because the opportunity is going to be now and we don't want obviously other to see people in foreclosure and the things that we're going to see in this market. I don't wish that on anyone, but we are here to help solve problems and try and get people out of these situations. Yeah. And when it become in a buyer's market, this is where now you've got to get ready to, to kind of take over and dominate.

Joe: Yeah. And this is so important here. We're going to see a lot of beginning rookie wholesalers be shaken out of the market, guys, you know, if you've been in them, if you've been in this business for less than ten years. It's like hard to. It's hard it's hard to not make money because it's been so easy. And you may think, man, everything I touches turns to gold and you may think you're all that. But what's going to happen? We're seeing a lot of beginning wholesalers, of wholesalers that were one trick ponies, people that didn't understand how to really work hard and negotiate deals, do creative things, network and find good buyers, local buyers. You're going to really struggle in this market. So what should we be doing now? You're asking. Great. We've got seven things here we're going to talk about. First thing is, number one, we need to find buyers first. And this has been true for a very long time, but especially now, we should always be finding buyers first. We need to be in a place where we're not just marketing for sellers, we're also marketing for buyers. Why? Why is buyer so important to think about who's really our customer? It's not the sellers. Our customers are the buyers. They're the ones who have the money and we need to go find what they want. I've been through a market cycle, one or two of them before too, and I got started in 2006, right? So I saw the big crash guys even when the market was at its worst, the housing crisis of oh, eight and nine, etc. There were still people buying deals, there were still investors buying deals, and there were still people wholesaling deals. So what those people that were successful back then, when the market was falling, what were they doing? It's real simple. They were finding the buyers first, finding out who they were, finding out what they wanted, and then they were going to go get it for them. Now, their profit margins weren't as high maybe as like what we're seeing now, like those days, pretty much. I mean, you can still make 30, 40 grand on a wholesale flip, but I think those kinds of days are gone for a little while. Right. We need to be getting more comfortable to ten, \$20,000 wholesale fees. Don't let anybody tell you that you should be feel good with the 3000 \$5,000 wholesale fee. But like especially in some of these markets, these wholesalers were getting used to these big fat wholesaling assignment fees. That was going to become a lot harder to get. But the people that are going to succeed are the ones that go out and they find what their buyers want and go out and give it to them. What do we say all the time, Gavin? It's so much easier to sell buyers what they want versus what you have, right?

Gavin: 100%. And you don't realize as well how that impacts you being on the phone, being able to negotiate these deals when you understand just psychologically going into a deal and going on the phone, knowing that you have four or five, ten, 15 buyers looking in these areas at these prices and your confidence in your ability to be able to close deals is huge rather than I'm locking this deal up and I have no idea who is going to buy it. So then you're hesitant without even thinking about it. Your you will not, you know, you will not close because of that reason. So the confidence that it will give you, knowing that you have people in your market buying will translate through your whole business from marketing down to talking to sellers, making them offers a lock in them deals. It is absolutely huge from a confidence standpoint.

Joe: Yep, exactly. All right. So that's number one. Find buyers first. Find out what they want. Find out what they're buying and go get it for them. Because there's a lot of money sitting on the sidelines waiting for prices to drop before they come back in to the

market. So there will always be a demand for housing. We just need to find out who that demand is coming from. Right. Number two, need to start thinking about lowering your offers like we were just saying already before you could get away with offering 75, \$0.85 on the dollar. Now you're going to need to be offering 65, \$0.60 on the dollar or whatever. And that's one thing we've been doing. And land we're making offers where before we were making offers that maybe \$0.35 on the dollar. Now we're making offers at \$0.20 on the dollar. And guess what? We're still getting them accepted. Sellers are reading these news stories also. They're kind of freaking out. They're thinking, Oh, no, I need to I need to sell this thing. And they want to sell it fast before the market gets even worse. So you need to be lowering your offers. This is so important.

Gavin: Yeah, absolutely. And the reason is, is that you're going to burn a lot of time. Right? You know, it's easy to go and get a contract signed if you overpay. All right. We can I can go and get 15 contracts today just by offering too much money. Right. So you end up wasting time and not getting anywhere. So you have to, again, learn what the market is doing and go lower. And that's where, again, that sales skills comes in the position. And to be able to go a lower price anchor, you know, be able to drop below, deliver the offer in a way that you can then come back open and discern certain things and skills that you can develop to be able to do this. And that is where you're going to make money in this market, because if you're going into high again, you're going to be stuck with these deals and then you're not going to be performing. And it's just, again, negative to negative. So make sure that you'll go in in lower and have the confidence that the sellers will accept these offers fee torturing of people that they will come.

Joe: Yep. All right. Number three. Number one is to find your buyers first. And this is things we all we work with our coaching students on all the time. Very successful. Number two is lowering your offers. Number three is learn creative finance. Gavin In the last probably three or four days, I've had two different students come to me with like, Hey, I got these lease option deals under contract. And so what's happening is if you're lowering your price, what if you could offer the seller maybe a higher price, the price that they wanted before that they could have gotten before on a creative deal structuring process. Right. So it's like give this, you're going to need to lower your prices, which is going to bring bring a lot of shock to the sellers. But what if you could say, Mr. Seller, I might still be able to get you this higher price if you'd be willing to wait for it through seller financing, subject to lease options or whatever. And so I'm seeing this already. This is huge, guys. There's going to be a lot more sellers that are willing to take your creative financing offers, lease options, owner financing subject to it. And so it's really important you learn how to make creative financing offered. We work with our coaching students. I've been doing lease options for years. Those are coming back. And I'd really encourage y'all, if you're doing lease options right now to do lease option assignments, don't stay in these deals for three or four or five years. Who knows what's going to happen to the market? We're not here to predict that. But these are this is a time when you need to be in and out of these deals really quickly. You need to be in and out needed focus on the quick nickel rather than the slow dime. So there's a huge opportunity here for wholesaling. Lease option deals are wholesaling, sub twos, wholesaling, owner financing. So that's really, really critical and important. And one of the things we do on our coaching calls with students, talk about what Dustin does. This is really, really amazing.

Gavin: Yeah. So, you know, firstly, this is this is where the market's going to go, right. Is it to creative finance. So you have to, you know, be ready for that. You have to be learning that. And again, some of my best performing videos, even on YouTube, is about position and office. Again, it's back to sales. How do you position this cash offer going into a creative deal? And if you do it and structure it correctly, they will sign that contract because you've added the value to them for them to understand it. Right. And then, yes. So is what Joe was saying. We we bought in just in one of the business plans I have in terms of doing creative deals where we'll actually partner with students. So if they are wholesalers and they don't know yet, if they get someone that's interested in terms they can give us that lead, we'll actually work with them, with the seller, partner with them. If we love the deal open do the deal will take them through is a case study, make sure everyone gets paid and it's a win win and that's what we're trying to do. How do we, you know, as influencers, as as mentors, coaches, whatever you want to call us, how do we get more deals done for everybody? Right. How do we how do we change more people's lives in terms of understanding the power of real estate and under the understanding that the the importance of being able to pivot in any market, whether it's going up or down, to capitalize on all your leads. You're spending all this money on marketing, but if you can't close, you're not getting anywhere. All it is is just you're just putting money into something. So you got to learn that sales and them creative deals to be able to do that. And that's why we bought that in just in the last couple of months. We've probably closed in a two or three, I think, creative deals with students. Yeah. So yeah, I mean it's it's a huge benefit.

Joe: It's really, really picking up now. And you got to be able to offer multiple different options to sellers and give them multiple choices. And one of the things we're going to give you if you go to REI proof dot com right now, you'll get a PDF, we'll show it to you in a second. And we talk about how to make creative financing offers in that PDF. So go to REI proof dot com and this kind of lines up with number four is what we're talking about here is lining up hard money, private money. So when you're selling these deals now, it's not enough just to sell them for cash to a cash buyer. You're going to need to be more creative in how you're advertising your deals and when you can advertise a deal with financing already in place, it's going to be huge. You're going to sell these deals so much faster and for a higher profit. So what does that mean? Well, talk to your local hard money lenders. Start looking at raising private money. If you can't rely on the banks anymore, start thinking about raising private capital. And the best private money in the world is seller finance. The financing that the seller carries back for you. So if you can sell a deal to another investor where the seller is keeping their financing in place, maybe you're taking over the existing mortgage that's still at two or 3%, right? Or you're doing some seller financing at a low interest rate. Or you have a hard money lender that's willing to lend money on this particular deal. Guys, you're you're you're you're made. It'll be so easy to sell your deals in a recession to investors when you have financing in place because these buyers are having a hard time, they run out of money. They don't have unlimited sources. And when you could provide financing in place, I mean, it's game over. You can you can make a ton of money. You can make a killing in a recession.

Gavin: Yeah. And the lenders won't lend. They're going to be analyzing that deal. Right. Unless you have a relationship with them, they're not going to be writing you checks. So they're going to look and go, this is too high in this market again. What does that go back to?

You got to get it lower. So having these lenders, they're going to be able to educate you as well on if you should be buying this.

Joe: That's such a good point. Because of hard money lenders is now I'm not going to lend you that. It's not a good deal. And you should never buy a deal for your own self to keep if you can't wholesale it out. So it's not a good deal if you can't flip that thing to another investor landlord, you know that is not a deal you should buy for yourself. I'm telling you, that's a big, huge, flat, fat warning sign that you need to pay attention to. So the other cool thing about working with hard local hard money lenders is they know who the active buyers are and so they can also bring you buyers. You can sell these hard money lenders. Listen, I'll pay you a \$5,000 referral fee if you can bring me a buyer that buys this deal at this. So when you can advertise a deal with hard money or financing already in place, it's easy, easy peasy to sell those deals. All right. All right. Number one, we're going to go through this again. Find your buyers first. Number two, lower your offers. Number three, start offering creative financing. Give the sellers multiple options, number four lineup hard money or private money and sell your deals with financing in place. Number five is really important. You need to start looking at your own business expenses. This is the time now to start cutting the fat right. You need to start looking at all the different marketing that you're doing and find out, okay, well, which campaigns, which type of marketing is not working that well. Maybe you need to cut that. Maybe, you know, in the past it's got it's been easy to be sloppy. You can be sloppy and still make a ton of money. Right. But now it's more important than ever to look at your expenses and you've got to know your numbers. If you don't know your numbers, you do not have a real business. Is a great book of profit. First you've heard me talk about this story before my podcast, how I got in trouble with the IRS because I wasn't setting aside money. The profit first is really simple. For every dollar that comes in, you pay yourself first with profit, then you take profit out. Then you set aside money for the IRS. When you set aside money for yourself, and then whatever's left over is what covers your overhead and your expenses, right? So that's really important to understand that if you do that, your business will always be profitable. I mean, Gavin, we've we've met people before and it just blows our mind. They're like, Yeah, I'm doing tons of deals, I'm making tons of money. But when you sit down and look at their numbers, it tells a different story, doesn't it? Yeah.

Gavin: There was the worst I've ever seen was a guy in I don't want to say his name is in Texas. He came to us in he'd done something like \$450,000 that year. And when we actually drove in, looked at the numbers, looked at what was going on with his marks and everything, he'd spent about 485,000 doing it. So it actually lost money. Right now, obviously, that was an expense. Maybe his points too often buying stuff through the business, but still he was running at a loss because he felt like he was doing well, but he knew something was wrong, but he couldn't figure out why. And it was because he was just, you know, hiring people, office space, just old stuff that's not necessary to be doing when you're trying to grow so fast. If you don't know your numbers, you don't even know what's working because money's just coming and go in and you know, you have money one minute when you don't and it's hard to track. So when we dove in, you know, you don't have a business, so you can you start cutting them expenses and then you start to see the money in the bank start to grow. And that's what you need to be doing right now. And I just want to say as well, you know, is that I've been in the

business obviously less time than Joe. What you have to learn from people's mistakes and failures, right? It's not what they're actually doing well, it's what they learn from. So when I started working with Joe, one of the first things that we talked about was profit. First is I need to read this book, this is what happened to me. So I'm like, Well, I'm not. So I put taxes aside. I'm always up to date because you learn from that, right? So again, that was one educated lesson for me. Well, I don't want to do that. Loses entrepreneurs, right? You start making all this money and then you start putting it into things. You start reinvesting. You're not thinking about that you owe. This isn't all your money that you owe the IRS, your own state, whatever. You're not even thinking about that till the end of the year when you've reinvested everything and then you get that big check and you're like, Well, I don't have that. So you can kind of see how it goes wrong. So you got to be thinking, guys, that when you're the things we're talking about is from experience, so you don't follow in the same book.

Joe: Nothing is more frustrating. Well, there are some things that are more, but there's very few things more frustrating than making 30 grand on a deal and it all disappear in overhead and expenses and salaries and marketing and taxes. And then that only is going to be good for the next 30 days. Right. And then you got it. So it's it's just hustle. It's this grind. And sometimes you got to do that. But there's so many people out there, if they would just look at their business, look at the numbers like in a, B, got to be honest with yourself, get your head out of the sand. Look at the numbers in your business and think about this like, man, okay, how much do I really need to survive? Like, what do I need to cover my living expenses, you know, do you have six months of living expenses set aside in the bank in case it all goes to hell? Right. Are you prepared that if everything were to fall apart, you could still survive and figure out a way to get back on your feet with six months of making sure your rent and mortgage payment is covered. Right? So look at your expenses, your personal and your business expenses. What do you need to cut and trim now may be is the best time to do that. I'm telling you this from experience, I've buried my head in the sand. I didn't look at the numbers. I knew I was in trouble hemorrhaging cash. You got to make these hard decisions now. So look at your business expenses. Cut the fat and read that book. Profit first. It'll change your life. It's such a great book. All right. So number six is offer incentives to your buyers. Now, what do we mean by this? So there's a lot there's fewer buyers now. And so how can you make yourself stand out and. Sell your deals fast. Rick talked about this a little bit, but when you can offer like, Hey, we'll cover your closing costs or we'll give if you're an if it's an agent, you have agents that are bringing your buyers offer a higher referral fee to agents, offer things like financing is in place, do the extra work, go the extra mile to talk to some hard money lenders and line up some financing. You know, I remember when the market was crashing and things were really, really difficult in 2010. One of the things that people forget is that the small local banks were still lending money on deals to small local banks. So if you have guys start thinking about building relationships with some local banks. So when you find a deal that needs a lot of work, a blue collar, medium priced home, and that's one thing we should add to this list what kind of homes you should be focusing on. But anyway, banks will still lend. And so if you can build a relationship, go to a local bank. And I remember doing this very, very early on. This is going to become even more important going forward. You need to write this down, go to the local banks and find out which ones are lending on deals. So you go to a local bank, you say, listen, if I were to buy a house in this zip code, a good blue collar, medium

priced zip code that needed work. Would you lend money on would you let me as an investor, borrow money from your bank to fix that house up and rent it out? And most banks are going to say yes. All right, cool. Then you need to find out from them what are your requirements? What do you need to have in place to finance this type of a deal? And they'll tell you, well, you got to have 25% down. You need to have this kind of debt to income ratio. You need to have at least six months of payments and reserves. Maybe it's a year, right? So what you do then is now you know what that bank wants, what they're looking for. And when you market that deal, you can tell your buyers, hey, I have a bank, a local community bank that will lend on this deal. And these are the requirements. And you're not you're not doing anything. You're not. What I'm trying to say is, like, when you let your buyers know, they're going to be like, oh, okay, I get I can buy that deal. I can get the money. Maybe they will lend on rehab, maybe they won't. But now you can present this deal with the financing and so go through that extra work to find those local banks that would lend money on those deals. Make sense. All right. Credit unions. Yes. Somebody here in the comments is talking about credit. They're still lend money. I mean, they're in that's how banks make money. They lend. So interest rates may go up, but they are still lending money. Find out what their requirements are. Okay. And I want to add a 6.5 into here and talk about this, the importance of focusing on the areas where there's high demand.

Gavin:

Yeah, absolutely. So, you know well as well as high demand, you know, that obviously the properties are still moving. Right. Especially for that. For the for the buyers, you just got to understand is that when I analyze the market and I'm going to go into a new market, there's two things that I have to make a decision on. Okay. I understand that if everyone's buying in a certain area, it's going to be more competitive. Okay. But people are buying deals there. So I have just got to get among it again. And I like to use the word dominate a lot. And that's not from an arrogance. It's just an internal thing where I'm going to come in and try and dominate right through my team, all the skills that we have to be able to lock these deals up. So you have that opportunity to be able to do that, understand this can be more competitive, understand that you're going to get into bidding wars. Right. And how why are they going to do okay? Why are they going to be. Why are they going to do business with you and not someone else? And that's what you're trying to do when we come on to the some point to talk more about that. Then you have the obviously opportunity to go let's go surround around that area. Right. And you can start to also pick up buyers that are on the outskirts where it's maybe not as competitive, not as busy to be able to then focus on what then, but that that what their buyers want but you don't want to be is in as a wholesaler. It doesn't really matter because you can wholesale anything, but you need to be, as Joe just put on here, that medium priced homes. Right? That's where people are going to gravitate to because that's where people are going to be. Again, renting. That's where we know we can fill. We're not going to go after the million dollar house in Alabama right where no one wants because the finance is too much. They're the ones that are going to be more concerned. But if you go to an area where the median price, where the renters are going to be are going to be still renting, okay. That's where the buyers want because they know that they're going to be more secure with them. Rentals, they're not going to go and get something and try and flip something in five, \$600,000 where your median price is 200. They're going to be shifting to gravitating towards that median price.

Joe: Yeah. Focus on the demand. Where is the demand? And it's the median price areas. It's not that. \$750,000 one bedroom condo in Miami. Those days are over. It's not the million dollar McMansions in Tempe, Arizona. It's it's the it's the median price. There are always be demand for that kind of focus where that demand is. Number seven, we're almost done here. It's all about networking and relationships. And this is more important now than ever. You can't be a Lone Ranger and talk about this a little bit, Gavin.

Gavin: Yeah. I mean, this is. This is. This is the most important thing in the business. And you can go from top to bottom with this right network in relationships. You can we can talk about banks, as Joe has been talking about. When you walk into a bank and you you you get to know someone, right? And they're going to have all these requirements. Well, guess what? Once you've done one or two deals, the requirements will change for you. It may be that they need six months of seasoning. Now, you've done a couple of deals. They trust you. It's now three months. They used to say 25%. Now they only want 15% down because they know you. It's the same with the hard money lenders, right? Or the private money lenders? I have private money people that just write me money. They won't even look at the deal because I have the experience and the trust with them. But it takes time. So when the hard money what all of these things but you've done now five deals with them now it's just like yeah, yeah, yeah. Everything becomes faster because of that network and relationships. Same with the cash buyers, right? We have what we call VIP buyers where we know they're going to close. We know that true to their number. And that goes a long way in this market. I will take three, four, \$5,000 less knowing that this person is definitely going to close rather than having this new buyer or this potential hedge fund that might pull out at the last hour. And then I'm going to be scrambling around trying to fix the problem again. How does that work? Relationships, right. We also have and I don't recommend this until you know the buyer, but there's a lot of times, Joe, where we don't even have the deal locked up. We will send the buyer in. Yeah, he will give us the price. Then we will get a lot the deal up so we know what will work into it. Okay. So and the buyer knows we don't have the deal locked up. Everyone's on book and yet we can pay this. Whatever you can get under is yours. So we know now. All right, great. Well, they're going to pay 60. We're already at 45. Well, we need to get to 45. We need to get to 40 and we will lock my. Now, I would never teach that because I need you to know that your trust in the buyer. But again, it comes down to that relationships, you know, networking with realtors, right. One real time often cash buyers, property managers, what do they do? They work and they run doors for investors. Do they have investors that want to sell right now? Do they have investors that want to buy right now? Yes, they do network with them either. And if you do this and even wholesalers. Right, experienced wholesalers, they will have buyers networking with all these people that we're talking about is going to make your job in life so much easier when you don't have to send out 16,000 text messages or emails on a deal, you can pick open up one conversation and move the deal in 10 minutes. Yeah, that's what I like to do personally.

Joe: Well, this is so important. What if you're a beginning investor and you're like, Man, I don't know how to make relationships with who these backed. What do you need to surround yourself with other investors that are already doing deals and then bring deals to them and learn how to do these deals by partnering and networking with people that are already doing deals. So if you're completely new in the business, get in a coaching

program, join a group, a Facebook group, a meetup or whatever, where there are other investors doing deals. You can kind of piggyback on their success as you learn this business. You don't have to be the Lone Ranger trying to do it all on your own. I don't know if I have ever done a deal where I did 100% of everything all by myself on that deal. Right. I always partner with people, other wholesalers, other investors, sometimes students, sometimes mentors. I've partnered with people on deals, and that's going to be really critical for your success. I mean, we have students all the time that partner with each other in our coaching program. We somebody may have a deal. They just need the money. Somebody may have the deal and the money, but they need a title company that will let them do double closings or assignments or renovations or whatever. And so when you are surrounded with a good group of people doing similar goals and doing the same thing you want to do, you can all help each other.

Gavin: Yeah, right. And the good thing is as well with our network that we have, you know, Joe, is that, you know, sometimes we'll get people from or the coach or the coaches from all the coaching programs say, hey, I got a student here. And I say, Yeah, I got an experience, you know, just send me the info, I'll pass it off and we'll get co people doing it. I might add someone. I'll bring me a day in daily Michigan, Detroit, and I'll go, Yeah, I have two people in the mastermind at work. It's right here. Call them if they want. Buy it. Probably not a deal. So we can match people to get deals done. We don't after. It's not about staying. It's about getting more deals done. We don't have to stay in the deal every time. If I can make one quick connection and get the deal done, than I'm going to do.

Joe: Yeah. Okay. So number one, what should you be doing now to survive in this recession? We're in this we're in this for the long haul. We're not nervous. We're not scared. We're excited because there's a lot of opportunity coming our way. So, number one, focus on finding buyers first. Number two, start looking at lowering your offer. You just can't get away with the same offers you were doing before. Number three learn creative financing, learn how to give sellers multiple options. And before start lining up hard money, private money, so that you can offer this financing in place to other investors. Number four or five, rather, start looking at your own expenses. Start looking at your numbers. Cut the fat and read the book Profit First. It's important now more than ever to really, really dig deep into your business and know your numbers. Number six, offer incentives to your buyers, things that other your competition is not doing. Offer to pay for part of their closing costs. Offering higher referral fees to agents that are bringing your buyer offer financing in place like we talked about before. Get the banks or get the private money, the hard money that will be willing to lend money on that deal, go that extra mile, do that extra work. And it kind of relates to what we're just talking about with networking. Number 6.5, we added this in focus on the right neighborhoods. Focus on the neighborhoods where there will always be a demand for housing. And that's in the blue collar, median priced rental neighborhoods. It will always be a demand for that. There'll always be money trying to buy those homes. And it's all about networking and relationships, which ties to our last, most important. We feel point in all of this. Get a coach, get a coach, somebody who can mentor you and help you profit during this time. Guys, we've been there. We've done that. We have that t shirt. We've been doing deals. Now we teach what we do and we do it. We teach when we don't outsource our coaching to a third party sales force, we're actually deep in the trenches doing these

deals on our own and with our students. And we just want to encourage you what if it's not even us? That's fine. But get a coach that can help you and help you with your success because you need somebody that can be in your corner showing you and telling you what to watch out for, what to do, what not to do.

Gavin: Right? Yeah, absolutely. Again, from experience, I went straight in and spent \$7,000, never bought a real estate course, never read a book. I had no idea. Someone told me about an opportunity that sounded good. So I was like, Let's go. And six months is what was my goal. I gave it everything in six months. It doesn't work. I can walk away. And so I tried. And I mean, I tried. I didn't I didn't go well. I didn't really do anything. I mean, I tried I sat there for 10 hours a day pounding the phone until it was going to work. And if I did that six months in it and it didn't work, then at least I could say, well, I tried my best. And guess what happens when you start working? It works. Now you can. You. Yeah.

Joe: Action. All right, so, guys, if you're interested in getting on the phone with us and we have a PDF too, that we created that talks about the recession proof real estate investing business. How to create a business that is recession proof and doesn't matter. And we dove deep into all of these things that we just talked about. You can get this PDF for free. Gavin and I did it together and you can go to REI proof dot com for that. But we're also is a free bonus including with this a strategy session where you can get on the phone with us or somebody from our team and talk about kind of where you are now, where do you want to be and then helping you come up with a plan to get there because we're all here right now and we want to be over here somewhere. Maybe it's like making a lot of money. Maybe it's just quitting your job. Maybe it's just something to part time. Pay the bills and pay some extra vacation. Right. So how are you going to get there? That's the trick. That's the question. And what coach can actually help you get there faster? And, you know, sometimes it's like the most successful people you look at, they all have coaches and it actually cost you more not to get help. And if you're trying to learn it on your own, yeah, there's tons of free resources out there, but you could go look for something on podcast or YouTube and you're going to get 20 different voices telling you to do 20 different things. Yeah. And you're going to be spinning your wheels and wasting a ton of time.

Gavin: And it's what is the I'm I can't relate to this because I didn't do it. Probably you can Joe, but we talk to people and sometimes the people that join us and you look and go, well, what have you done? And they've bought every calls go in. They've spent 20,000 on courses. Right. And I'm not saying that the courses aren't good. The information's there. But you have the accountability, you have the help, you have the structure right to be able to get deals done. And that's the difference that the why you need to be in something and. Whether it's for those or not, that doesn't matter. You got to get someone that you like, that you trust, that you jive with to be able to get these results. So you've got to do it. And when you go, Hey, guys, this is really important. When you download that, there's going to be a second page that pops open, there's going to be a button I think is below the click for that free strategy session. We only have obviously limited time as well. Okay. So if you'll listen to this now, make sure you go and get on that calendar ASAP. Before, I'm not saying we're going to take it out, I know what we're

going to do, but we only have obviously a limited amount of spots, as you can imagine. So make sure you take advantage of that as soon as possible.

Joe: Now, let me show you. This is important, guys. When you go to get this recession proof real estate investor. Right. You see this here? Yeah. REI proof dot com. REI proof dot com. You're going to be taken to this page. Just put in your name and email and phone number. Click Free Instant Access. The next page is going to take you to a little video of Gavin and I talking about a little bit about what we talked about. Right now, the right here is this button scheduled to call with us. Okay, you click. That is going to take you to another page. It's just going to ask you some questions. You've scheduled a time and you can pick something that we've got back here to where we were. Here we go. So you can pick a time to get on the phone. And sometimes we call it a gap session. This is going to be something where you can look at, all right, this is where I am now. This is where I want to be. And this is what you just like. I don't know what to do in this call. We're going to give you a road map and we're going to give you a guide map. We're going to tell you how we can help you do it. And if you feel like, yeah, this is something I want help with, and we'll talk about that. We'll talk about next steps, okay? It's completely free. And you're going to at least walk away from that call with like, oh, that's really cool. This is what I need to do. All right. So going to REI proof com REI proof dot com. Cool. Gavin, anything else we wrap this up?

Gavin: Yeah, I think it's great. I thought that was good today. Let us know, guys in the chat, give us a half thumbs up. Make sure you like him. Subscribe if you're watching on one of the podcasts or the YouTube or Facebook and yeah, I mean, now's the time, right? We talk about that. It's not let's wait six months and see. You've got to get it now. You've got to start learning these things, these steps that we talked about, and that is how you're going to pull through this market, hopefully making a lot of money. And that's what it's about, pivoting, understanding what the market's doing. And yeah, listen.

Joe: All right, guys, go get this free PDF right now schedule the call. Let's talk.. Go to REI proof dot com and we'll see you guys later. Take care, everybody.

Gavin: Bye.