



THE FIVE BEST WAYS TO FIND FANTASTIC DEALS



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MULTIFAMILY MASTERY

The Five Best Ways to Find Fantastic Deals

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ABOUT THE AUTHOR

Rod Khleif is the host of the Top---
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Through Real Estate Investing**”

Rod is a passionate real estate investor who has personally owned and managed over 2000 properties. As an entrepreneur, Rod has built several successful multi-million dollar businesses.



Rod is most proud of his work as a community philanthropist. Over the past 19 years Rod’s Tiny Hands Foundation has benefited more than 70,000 community children in need. Khleif has combined his passion for real estate investing with his personal philosophy of goal setting, envisioning, and manifesting success to become one of America’s top real estate investment professionals.

As Director of Investments at REM Equity Group, Khleif uses his expertise to guide the firm in identifying and acquiring undervalued apartment complexes and mobile home parks. Khleif specializes in implementing efficient management and communication to ensure profitability. By efficiently managing real estate holdings, rents are paid on time and renovations can be made quickly in a cost-effective manner. This attracts stable tenants who are interested in affordable housing. Khleif believes that efficient management that communicates an aggressive rent collection policy is vital to turning around an unprofitable apartment community. Before becoming a top ranked podcast host and an educator and coach, Khleif was Director of Acquisitions at MHP Management Group, a real estate and management company focused on mobile home parks. Prior to MHP Khleif owned a real estate property management company in the Sarasota, FL area. In this position, Khleif owned and managed thousands of single family and multifamily units. He also oversaw the recruitment, training, and management of 60 full-time employees and contractors. Khleif, like many investors, was hammered in the real estate crash of 2008. After the crash, Khleif was instrumental in the formation and building of a Sarasota Litigation Support company into what became a ten million dollar business.

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The Five Best Ways to Find Fantastic Deals

Why We Wrote This Report about Finding Deals and How It Will Help You Achieve Success

Nothing is as exciting as a new deal, whether it's one you've stumbled upon, or one you've created via your marketing efforts. A new deal will keep you up at night, and remind you of why you're doing all of this. For financial success via "Life Time Cash Flow. "

Deal flow = cash flow, and that's what this report is here to teach you.

Without knowing how to find deals, your investment business has no way of succeeding. Whether you're a day one beginner, or a seasoned expert, it is critical to constantly have new deals crossing your desk.

The following five strategies are the ones we have found to be most successful for us, our friends and family, and countless consulting students. In our view, it's important to implement all of them. Some will work better than others. As time goes on you'll see which strategies are working best for you.

Let's get started!

Strategy #1 Have Great Relationships With Brokers

Out of all the strategies and methods we utilize to locate deals, utilizing brokers is by far the easiest and one of the most crucial. We suggest you start with this one because brokers can provide more for you than just deals. Brokers also have extensive market knowledge, are aware of local trends, and can refer you to attorneys, lenders, and other members for your team.

Forming a solid relationship with a broker is worth its weight in gold, and will greatly aid you in building your business. If you respect them, and their time, a good broker can make you very wealthy. As a new investor you'll definitely face a lot of resistance from seasoned brokers because they only get paid when you close on a deal. Their time is precious and most of them have had deals tied up by new investors only to have them fall apart. That's why it takes focused effort and follow-up to nurture these valuable relationships. Even if a broker forwards you a bad deal that doesn't fit your criteria, make sure to follow up. Call or email them and tell them why that particular deal wasn't right for you.

Due to the sheer number of brokers, and the fact that you will be forming relationships that may last your entire investing career, you want to make sure you're working with the most knowledgeable and seasoned brokers, if possible. There are several professional organizations that hold brokers to a higher degree of ethics and professionalism. Our favorite is Brokers that have achieved the designation of Certified Commercial Investment Member or CCIM.

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Be patient in the beginning of these new-formed relationships. It'll take some time and a deal or two under your belt before the best brokers take you seriously. To expedite the process ensure you are working with brokers in which you "click" with. If both parties don't enjoy working with each other you will likely never get to the closing table. Be upfront, honest, and respectful as you would in any important relationship.

We suggest you keep a database of your brokers on Excel or one of the many free or inexpensive CRM systems. This will come in handy as your network grows and other marketing systems are implemented. The CRM we use to keep things flowing smoothly with our brokers is: Really Simple Systems (reallysimplesystems.com)

Strategy #2 Look For Long Term Listings on LoopNet and Other Sites

Many investors and other industry professionals refer to LoopNet as "the place deals go to die". That's not the case. Many people have purchased great deals that they found through the site. The secret we teach with LoopNet is to focus on the older listings, for example; properties that were posted on the site over two years ago. The majority of these older listings will either be overpriced, or have faulty information.

When looking at these deals, you have to be looking for things other investors may have missed. The majority of these older listings are going to be marketed at low cap rates and insufficient cash flow. When we have located these in the past and performed a full evaluation, and discovered the income and expenses just didn't make sense.

When looking at these older listings, ask yourself:

- Are the expenses high?
- Is management overpriced?
- Are these rents at the market rate?
- What's the area's vacancy percentage and is this property in line with it?
- Would the seller be willing to negotiate further due to the listing becoming "stale"?

For example, we recently came across a 24-unit property near Tampa, Florida, which had been posted on the site for almost 3 years. This property was being offered at a 6 cap, which had not caught the interest of anyone. The property information offered was also very vague which likely scared people away. We spoke with the broker and got the whole story. The sellers were in their 90's and didn't own a computer so everything was taken by hand. We also were able to discover the following:

- Rents were actually \$150 per month below market
- The landscaping contractors were taking advantage of the sellers and overcharging by hundreds of dollars a month
- All maintenance was done at an extremely high and overpriced rate as well

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We realized that the property was a huge value add, which barely required any work. This cash flowing deal was sitting right before thousands of other eyes. Nobody had really bothered to carefully look.

Another factor that makes LoopNet valuable is that it allows you to find the area's top brokers. Simply log in and type in one of the cities you're planning to invest in. You'll be able to see which brokers have the most listings of the size and type of properties you're interested in. We suggest working with brokers that specialize in and are very active in the types of properties you desire.

In addition to LoopNet, there are several other sites we visit regularly for online listings.

- City Feet (www.cityfeet.com)
- NAI Global (www.naiglobal.com)
- The Commercial Investment Multiple Listing Service (www.CIMLS.com)
- These are the specific broker sites that have a high volume of properties:
- Marcus & Millichap (www.marcusmillichap.com)
- CBRE (www.cbre.com)
- Cushman & Wakefield (www.cushmanwakefield.com)
- Coldwell Banker Commercial (www.cbcworldwide.com)

Strategy #3 Auctions

Most people associate auctions with people yelling and money flying off the shelf. Auctions definitely aren't for the faint of heart, but can be a great source of deals. Auction properties are nearly always listed below market value and typically listed below replacement value. Before we dig deeper into this strategy, there are a few things you need to know about auction houses:

- Almost all properties are sold "as is" and often without a due diligence period
- Sellers can utilize the auction process to hide defects in their property
- Auction houses typically don't allow contingencies
- Financing should be lined up prior to auction due to short escrows
- You must have all money in place prior to bidding

This is why it is important to be well prepared going into the bidding process. Auction houses will provide a bidder's package on the property, but it's solely up to you to ensure all information is correct. Key information will almost certainly be missing, so you will need to account for a cushion and perform as much due diligence as time allow. It is also important to note that in most cases the final bid price will not be the total purchase price. The auctioneer's fee (very often 10% of the bid price) will be added to the final winning bid price. You will also need to be sure to factor for other repair costs, closing costs and loan fees.

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Another important factor when evaluating a property is to determine if the auction being held is “absolute” or a reserve auction. Absolute auctions, (our favorite), take place when a property will sell for whatever the highest bid is with no minimum price contingencies. A Reserve auctions means the seller has established a minimum bid price they require for the transaction to close.

These high-energy events can typically be over in less than ten minutes, and it’s important to make sure you’re bidding with your head and not adrenaline. To ensure you’re comfortable, try and just be a “viewer” for a few auctions. When you are ready to bid, you will need to fill out several forms, and you may need to provide proof of funds.

To familiarize yourself, try to attend at least one of the three types of auctions. They are onsite/traditional, online, and webcast, which is a combination of the two. Here is a list of some of the largest auction houses across the country:

- [Auction.com](#) now called [Ten-X](#)
- [Williams & Williams Real Estate Auctions](#)
- [Hudson & Marshall](#)
- [Albert Burney](#)
- [Bill Fair & Company](#)
- [Comly Auctioneers & Appraisers](#)
- [J P. King](#)
- [John Roebuck Auctions](#)

Each market also has several smaller outfits that specialize in local auctions. These often have far less competition so be sure to do a local search to see who your neighborhood outfit is.

To stay on top of auction sites and their deal flow register for their email alerts. Be sure to create a different email address solely for this purpose, because auction houses regularly send more than a dozen emails a day and will flood your inbox.

Strategy #4 Driving for Dollars

Strategies 1-3 require a lot of work behind your computer and at your desk, and we can all admit it’s nice to get out for some fresh air once in a while. That’s where this tip, driving for dollars, comes into play. Whether you want to make a day out of it, or just take a different route back from the grocery store or home regularly, this strategy is a great way to find deals in your backyard.

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To make the most out of your time and gas money follow these steps to be fully prepared:

What to do prior to driving:

- Pre-select areas based on your criteria. For example, it'd be silly to drive around an affluent subdivision if you're looking for small multifamily that's distressed. You also want to know what war zones to avoid.
- Go to Google Maps and become familiar with the routes you'll drive
- Pre-write/type templates and notes listed next

What to Bring:

- Pre-typed template that neatly organizes information such as property address, occupancy status, notes, and picture reference number
- Camera
- Business cards
- Handwritten notes to tape on door

What to look for:

- Boarded up windows
- Poor landscaping
- Piled up mail and newspapers
- Dirty and overall signs of being vacant
- Code enforcement letters
- Utility disconnection door hangers
- No cars or cars that have been parked for an extended period of time

The next step in this process is obviously to take down the address of properties that are distressed to later determine the owner. If there are current tenants or neighbors outside, feel free to stop and ask who owns the building. Typically people won't get angry if you let them know you'd like to purchase the property and clean things up/make the needed repairs.

The process of finding owner information and sending direct mail is coming up in strategy #5.

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Strategy #5 Doing Targeted Mailings to a Refined and Cleaned up List

Last but not least, and our personal favorite on this list, are direct mail campaigns. Many look at direct mail as a science because there is so many different variables that one can tweak and test to measure their success. We won't go into every little detail as we have are planning a full report on this topic in the near future, but these are the fundamentals that will allow you to successfully get started.

The reason direct mail letters can be so successful is that you are driving the initiative. You're not relying on brokers, auctions, or banks. You can send as many letters as you want to as many properties as you want. If done properly your efforts (and results) can be scaled up or down based on your budget.

Step 1: is understanding that you're sending letters in hopes of catching a seller when they are "motivated". It's important that you know the majority of reasons people may be motivated to sell:

- Inherited the property
- Management Problems
- Divorce
- Retirement
- Financial trouble
- Foreclosure
- Short Sales
- Negative Cash Flow
- Poor Health
- Lawsuits
- Estate Sale
- Bankruptcy
- Evictions

Sometimes the seller may just not want the property anymore. ***Remember that the name of the game is solving problems.***

Step 2: is planning the property type you want to mail to. If you haven't already, now is the time to narrow down your focus into the exact type of property you'd like to start mailing to. Select a specific niche as direct mail campaigns can add up quickly. A neighboring county of ours has over 4,000 duplexes so even saying you'll mail 2-10 unit properties can leave you with thousands of properties and being overwhelmed. The more "niched" your list, the better.

Step 3: is planning the types of owners you want to mail to. Mailing letters to each and every property would be a huge waste of time and money. Here are the three types of owners we've had the most success with:

- 1) Out of state owners
- 2) Owners dealing with evictions
- 3) Owners who've owned for 10 years or more

By narrowing down to these three you can expect much higher response rates.

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Step 4: is obtaining the needed info and lists. You can either spend the time and energy to piece these lists together for free or you can purchase refined lists from many different sources.

Here are the most common list brokers:

- First American
- Dunhill International List Co., Inc.
- Experian
- List Source
- DM Databases
- US Lead List

We personally create our own lists via county assessor's data and websites. This takes much longer, but going this route is something that very few people will do, and in turn results in much better success. Every individual county has their data organized differently, so be prepared for that.

Step 5: is setting your timeline for mailings. Many investors will complain and say they've never been successful with direct mail. That's the case because they've only mailed their list 1-2 times. In order to be successful you'll need to mail your list multiple times. For example, we mail out of state owners every three months. Every other type we mail once every two months.

Step 6: is preparing your content. As with most things, the more personal your letters, the better. Things like personal headlines, a picture of you and your significant other, and saying you own other properties in the area, will all result in more success. We personally do not hand write the letters, as a typed letter looks more professional. Other tips for this is to put the address in the first sentence or two and to keep the letter short and sweet.

Various headlines we use are:

- *Investor needs to purchase the property within the next 30 days*
- *Looking to buy multi-family properties in (city name)*
- *Is now a good time to sell your out-of-state property?*
- *I'd like to buy your property*
- *I am interested in buying your property*
- *We can save you hundreds of thousands in real estate taxes*

Step 7: is selecting your letter and envelope. There are dozens of tips and advice on which color, shape, and size envelopes work the best. When getting started, we suggest you stick with plain white letter and envelope. You can mix it up after you get going. We highly recommend you hand write the envelopes. Handwriting the addresses on the envelope can be a time consuming endeavor, so we often hire veterans from the VA or other associations who would enjoy this work.

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Stay at home moms are also a great resource. There are also several “turnkey” companies who will do this, along with printing and mailing the letter:

- Click2Mail
- ITI Direct Mail
- Lob

Step 8: is managing your campaign. Prior to even sending out your first batch of letters you will probably feel overwhelmed. Once the calls, emails, and leads start coming in you’ll be even more so. While some like to carry a notebook and sticky notes around, we prefer to use an online database. This method is easy to update, can be shared amongst team members, and makes word processing and email campaigns much easier. As mentioned in strategy one, Really Simple Systems is the one we use and highly suggest it to all of our consulting students and friends. It’s free, and then you can pay a small monthly fee once you crank things up.

Conclusion:

These five strategies to finding great deals gives you a wide variety of marketing tactics you can implement today. We suggest you try all five and determine over time which are working best for you. Remember, every market is different, and some strategies work better than others.