

How to Find Off-Market Deals

How to Create Lifetime CashFlow
Through Multifamily Properties

By Rod Khleif



The
Lifetime CashFlow
Academy

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ABOUT THE AUTHOR

Rod Khleif is Host of the Top-Ranked iTunes Real Estate Investing Podcast: **Lifetime Cash Flow 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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How to Find Off Market Deals in a Hot Market

It does not matter where you live in the country. Florida, Maine, or California, one thing is for sure right now; this is a hot and competitive market! In a market like this, deals on the MLS and LoopNet are receiving multiple offers, and often buyers are paying over asking price! However, that doesn't mean there are no great deals out there. You just need to find them. That's why I like to say; ***"finding deals is like hunting for treasure, it's tough, but once you find one, you hit the jackpot."***

The key to finding great deals in today's market, is to focus your efforts and marketing on Off Market Properties! When you find an off market property, guess what? You have no competition, no one driving up the price, no Hedge Fund or REIT who will pay all cash no matter the price. And hopefully you will find a motivated seller who isn't just "testing the water" on the MLS or LoopNet!

Off market deals are key to your success in a hot market. In this report we'll discuss [six excellent strategies to find off market deals](#). These strategies work for any property size, but we suggest you [focus on small multifamily \(2-30 unit\) properties, here's why](#):

Small Multifamily is a niche with little competition that's ripe with opportunities. The majority of owners are mom and pops, which often means below market rents, value add potential, and seller financing possibilities. Don't overlook these small properties and use the strategies below to find off market deals!

Pocket Listings

Whether you call them pocket listings, pocket deals, or private listings; one thing is for sure, and that's the power of this unique off market deal finding strategy. The main reason we love this method, is that with some upfront work and effort, you can essentially build a team of brokers "working" for you across different markets.

Before we dive into this strategy, know that a pocket listing is a deal that is off market. These deals aren't on LoopNet, the MLS, or any other listing sites. A broker has it in his "pocket" and will only market it to his best buyers that he knows will close. The problem is, what if you're new?

First, understand that there's two main ways brokers get pocket listings:

1. An owner approaches them and states that they want to keep their property a pocket listing. They don't want a bunch of people touring the property, they may not want their tenants to know the property is for sale, or the property management company to know, etc.

2. The broker and owner come to an agreement that if the broker can get “xyz” price, the owner will sell. However, the owner isn’t actively selling, and in turn wants it to stay a pocket listing. These are the situations where the property is “always for sale at the right price.”
3. **The best way to get pocket listings and have brokers working for you is to do the following:**
 1. Determine the area/market where you’d like pocket listings.
 2. Buy, or ideally, build, your database of properties you’d be interested in for that county/zip code(s)/area.
 3. Find accurate owner information and break down the LLC’s/Corps. to find the owners of properties listed underneath them.
 4. Find a local broker in the area who does not work for one of the huge brokerage firms. Ideally, find someone who works for a family owned/mom and pop broker.
 5. Set up a call and basically “interview” them. Get a feel for how they work and how well they know the area.
 6. Provide the broker your pre-made list of all the properties you are interested in and willing to buy. You are basically giving them the leads and doing all of the work for them. Nobody does this!
 7. Now, this local broker, who may know some of the owners, can approach all of the property owners on that list for you. They can work the premade sheet of leads you just gave them and solicit offers on your behalf. They’re getting pocket listings for you, and for you only!
 8. Repeat the process in other areas/markets. Obviously, don’t have more than one broker doing this for you in the same market.

Craigslist

Yes, you read that right; Craigslist is one of the best ways to find off market deals. Over the years, especially with all of the new technology, investors have shied away from looking for deals on Craigslist and have slowly left the site. They think it’s outdated, sketchy, and a waste of time. However, **guess who hasn’t stopped using Craigslist? Motivated mom and pop sellers who want to sell fast, with no brokers or agents, and off market!**

Like most of the strategies in this report, utilizing Craigslist works the best on small multifamily properties 2 – 30 units; however, you can find larger properties as well. We’ve found everything from duplexes up to 40 unit complexes on the site. The main reasons why Craigslist is a great deal source is that it gives you the ability to obtain hundreds of leads in less than an hour, it works in literally every market, and the competition is choosing to leave!

Now, let's dive into the methods you should be using to find great off market deals on Craigslist:

1. [Call properties in the For Sale section.](#) Surprisingly, not many people do this. Countless times owners have told us over the phone that they've only had 1 or 2 other interested callers. The key here is to be one of the first people to call. Spending 5-10 minutes every morning or every night running through the "For Sale" section is not something you will regret! If there are a lot of properties and you want to niche down, search keywords such as:
 - "Must sell"
 - "Must sell quickly"
 - "Investor special"
 - "Motivated"
 - "Handyman"
 - "Needs work"
2. [Post ads saying you buy multifamily properties.](#) Because this is normally free and extremely easy, a lot of people do it. You need to be consistent and post every day and it will pay off. One bonus from doing this is that you'll often have buyers and/or investors reach out.
3. [Call FSBO's.](#) Other people do utilize this strategy, especially agents and brokers, so you really need to be unique. Offer to meet with the owner today and stress the simplicity of selling to you. You need to hit their pain points and solve their problems as quickly as possible.
4. The best for last... [Cold call "For Rents."](#) We devoted a whole section to it coming up next.

Calling "For Rent" Ads

No, you're not trying to rent the property when you call; you're trying to buy it! To realize why calling "For Rent" ads are so successful, you need to put yourself in the landlord's shoes. First, their income property is not producing income. It's sitting there vacant. Second, when a tenant moves out, it's often a very frustrating process. That's why you could be contacting them at the perfect time. The owner is distressed and trying to fill a vacancy.

- Did the owner just go through an eviction?
- Did the tenant just pack up and leave?
- Was there a "cash for keys" arrangement?
- Did the tenant trash the place?

Regardless of what happened, two things are likely true. First, the owner probably needs to make some repairs and/or upgrades. Second, the owner needs to find a new

tenant, go through the application process, fill out paperwork, etc. Both are a lot of work, and maybe the owner would prefer to just cash out instead of going through another nightmare. That's what you're hoping, and that's why you're calling.

There are going to be a lot of properties in the for rent section, and there are a specific type that you want to focus on. First, try to avoid the property management companies. **You want to call owners who are self-managing.** You can tell the difference between the two several ways:

Property Management Ad:

- Typically has watermark on picture
- Very professional wording
- Thorough description of property and amenities

Self-Manager/Owner Ad:

- Little to no pictures
- Typically short ad that states price and bath/bed count
- May have out of area phone number
- May have one of the phrases listed below

You want to search for phrases such as:

- "Must rent"
- "Need to rent"
- "Maybe for sale"
- "Will sell"
- "First month free"

Once you find some for rent ads to call, it's time to make the call, which isn't complicated. It's as simple as following this basic script:

"Hi, my name is _____, and I'm calling in regards to your property for rent at _____, is that still available?"

If yes:

"Great..... Well I'm a local real estate investor, and I'm actively buying properties around yours. Have you ever considered selling that one?"

Continue the conversation...

When making these calls, you will get a lot of rejection. However, **with hard work and effort, you will find deals.** Not many people at all do this, as cold calling a

“For Rent” property can be a scary and daunting task. However, as the great Jerry Rice once said, **“Today I will do what others won’t, so tomorrow I can do what others can’t.”** I have always made money when I do what others are not willing to do.

Bonus Tip! Take it a step further and create a database of each and every one of these leads. Make sure to jot down the owners name, phone number, and any relevant info regarding the property. Craigslist ads only stay up for 60 days.

Just because they don’t want to sell now, doesn’t mean they won’t want to sell in the future. A friendly call every few months to politely and quickly ask if they want to sell or are having any trouble isn’t hard to make. Keep this up, and you can basically guarantee the next time something goes wrong they’re likely calling you!

Direct Mail

I just interviewed a young couple for my podcast from Houston in an episode that I will air soon that got motivated from my podcast and listened to what was suggested. They mailed 300 hand written letters and purchased a 32 unit in their area that will ultimately provide them \$10,000 in monthly net cash flow!

Direct mail is the most effective way to get off market deals, hands down. It’s also one of the best strategies to use when it comes to small multifamily. As stated in the intro, a lot of 2-30 unit property owners are older moms and pops, and you’re not going to reach them via Facebook or Google Pay Per Click ads! Direct mail is the most effective, and one of the only ways possible, to reach older mom and pop owners.

One of the best aspects of direct mail is that you decide how much, or how little, you want to spend on it. If done properly your efforts, and results, can be scaled up or down based upon your budget.

Mastering direct mail can be a full book in itself, so here we will quickly review how to get your first, or next, campaign out the door. Before we dive in, realize that **the key to success comes down to two things: quality of your list and repetition.**

To go from start to finish in a direct mail campaign, there are 12 steps.

1. Understanding motivation
2. Narrowing down the property size you will target
3. Planning who to target
4. Setting your budget
5. A cheaper alternative to letters
6. Obtaining info/your list
7. Crafting the letter’s content
8. Selecting the letter and envelope

9. Repetition
10. Split testing
11. Getting ready for calls
12. Managing the campaign

Step 1: Understanding Motivation

Not every seller is motivated, and nothing will burn out a new investor more quickly than wasting time, energy, and money trying to convince an unmotivated seller to become motivated; it just won't happen. They're either motivated or they're not.

In order to put yourself in the owner's shoes and target your marketing specifically, you need to understand what motivates owners to sell. Some of the most common reasons are:

- Inherited the property
- Divorce
- Foreclosure or pre-foreclosure
- Poor health
- Retirement
- Management problems
- Out of state owner
- Loss of job
- Major repairs/deferred maintenance
- Tired/worn out

Step 2: Narrowing down the property size you will target

There are 2.25 million multifamily properties in the U.S. Yes, you read that right, 2.25 million. You obviously can't target them all! One of the first decisions to make is whether or not you want to target residential multifamily, commercial multifamily, or both.

Once you select property type, you need to niche down your focus even more. Depending upon your location and county, there could be thousands of 2 – 4 unit properties. Some counties around us in Sarasota even have 2,000 – 5,000 duplexes alone! In order to determine exactly what size you want to target, go to the county assessor site and see how they have multifamily properties broken down. The more niche your list, the better, so don't be afraid to only target 5 – 10 unit properties, only triplexes, only 15 – 20 unit properties, etc.

Step 3: Planning who to target

Direct mail campaigns can add up, and you don't want to mail to everyone. As we stated above, motivation is key.

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The 3 types of owners we suggest you focus on and target your campaigns to:

1. Out of state owners
2. Owners dealing with evictions
3. Owners who have owned for 10+ years

Step 4: Setting your budget

When setting your budget keep in mind that you're not just going to mail the owners once and quit. You need to set a yearly budget, and factor in that you will mail each property 3-4 times.

Don't forget to account for all expenses, such as:

- Paper
- Ink
- Envelopes
- Postage
- Preparation/time
- Anything that you will outsource such as handwriting the envelopes

As you can imagine, postage is the most expensive item, at \$0.49 a stamp. The paper, ink, and envelope will cost less than \$0.10 total. There are plenty of full service companies who will handle every step of the process for you, so don't be afraid to use one of them.

Step 5: Postcards: a cheaper alternative to letters

As you can see, sending letters can really add up. That's why postcards are a great lower cost solution at only \$0.34 each. Your "real estate" on the card is a lot smaller, so you'll have to tailor your message accordingly and shorten it up.

Step 6: Obtaining info/your list

There are two primary methods to tackle this step; buying the list or building it yourself. Building your list takes much longer and is a lot more difficult, but it is one of the best things you can ever do for your business. Building your own list is worth its weight in gold, and very few people do it. There are several steps to this, but basically you need to utilize each county's assessor site. Each one is arranged and organized differently, so you need to be prepared for that. To get a directory of each and every county's assessor site, visit NETRonline.com.

If you choose to get started quicker and purchase your list, some of the top list brokers are:

- List Source (listsource.com)
- First American (firstam.com)
- Dunhill International (dunhills.com)
- Experian (Experian.com)
- DM Database (dmdatabases.com)
- US Lead List (usleadlist.com)

Step 7: Crafting the letter's content

There are two primary parts to crafting your letter's content: the title and the body. For the title, keep it short, direct, and to the point. Some titles we suggest you use are:

- *Investor Needs to Purchase the Property Within the Next 30 Days*
- *Is now a good time to sell your out-of-state property?*
- *I'd like to buy your property at _____*

As for the body, you want to keep it short and sweet too. Typing the letter looks more professional, but handwriting works as well. Also, as with most things, the more personal your letters are, the better. **Things such as putting a picture of you and your significant other, personal headlines, and saying you own other properties in the area can drastically increase your success.**

Step 8: Selecting the letter and envelope

When it comes to selecting your envelope and paper, we suggest you stick with plain white. You can always switch it up in the future, but for the first letter it is suggested to stay plain and professional.

However, regardless of whether the letter is typed or handwritten, we do suggest that the envelope is handwritten. Handwriting each and every address is time consuming, so we often hire veterans from the VA, stay at home moms, or other types of associations who may have people who enjoy this type of work. There are also several full service companies who can handle this for you such as:

- Click2Mail
- ITI Direct Mail
- Lob

Step 9: Repetition

As we said earlier, repetition is key to success in direct mail. We suggest you mail out of state owners every 3 months, and every other type every 2 months.

Some interesting statistics to back repetition up are:



Step 10: Split testing

Split testing (A/B testing) is also very important when it comes to direct mail, as it allows you to see what works best and what doesn't. Some common things that we suggest you try split testing are:

- Two different types of headings
- Half with a picture and half without a picture
- Two different color letters
- Two different color envelopes
- Half postcards and half letters

So change it up with your letters and envelopes and track your responses. If one produces more responses focus on using that more in the future.

Step 11: Getting ready for calls

Once that first batch gets out you need to be prepared for incoming calls. We suggest you use a separate Google Voice number that is solely for this purpose. The calls from Google Voice will get forwarded to your cell phone. Test it and make sure it's up and running and good to go.

Step 12: Managing the campaign

Similar to step 11, you need to be prepared. Calls and emails will be coming in at all hours of the day, and you can't rely on your memory to remember everything. Some people like to carry around a notebook which works, but we also suggest you set up

an online CRM database. Using an online database is very helpful because it can be shared amongst team members, be utilized for email campaigns, and make word processing much easier. We use Really Simple Systems, which is free for a certain amount of users and entries, and then once you crank it up you pay a small monthly fee.

Cold Calling

Cold calling, one of the most dreaded sales tactics around, really does work wonders when it comes to finding off market deals. **What works even better than cold calling is “warm calling”, which you can utilize after sending your direct mail letters.** The letter you sent is your speaking piece, and once the owner picks up the phone you can quickly introduce yourself and ask, “Have you received any of the letters I have sent regarding your property at ____?”

If they have, you can then move into asking them if they’re interested in selling. If they haven’t you can say, “Well I’ve sent them to ____ address, do you not live there anymore? I’m sorry for the confusion but let me explain what my letters said.”

The key to saving time and being a productive cold caller is to have an accurate phone number, and any other relevant info on hand. You can obtain phone numbers through a variety of free services and sites such as whitepages.com, as well as paid sites such as tlo.com. Once you’re actually on the call, you’ll want to have the owner’s info on hand, as well as the property in discussion. In addition to that you’ll also want your CRM open and ready to take notes regarding the owner themselves as well as details they state about the property.

If they are not interested in selling, we say; “Is it okay if I call you in a year to see if you might be interested then? Build your database. It will pay off in spades.

Eviction Court

As you can imagine, targeting owners going through evictions is a great strategy to find off market deals. In addition to finding deals, attending eviction court is also a great way to get a feel for the local eviction climate.

In order to properly master this strategy, you should ideally plan to go to the courthouse. Some of this information will be online, but you want to have some face time with the owners immediately after the case is finished. Typically, evictions take place on the same day each week or month. What you’ll want to do is attend the cases and then approach the owners after offering to buy their property, and in turn, solve their problem.

While you're at the courthouse, also be sure to stop by wherever landlords stop to file complaints. These owners have basically thrown in the towel and will be highly interested in you solving their problem. Also, stop by the housing court and speak to landlords who are speaking to a judge to say that they did not break any code violations.

Bonus: Other Ways to Find Off-Market Deals!

- Expired listings
- Driving for dollars
- Service companies
- Property management companies
- Newspaper
- Title Companies
- Code violations