



Creating Offers Sellers Can't Resist

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- Learn 3 key steps to investing success.
- Get the actual forms I use for success.
- Learn my quick formula to calculating rehab cost without a contractor.

The key to being a successful real estate investor is buying properties for the right price and terms. You need to take on the attitude of a shopper not a buyer. You're shopping for the diamond in the rough. But how do you find a seller who is willing to sell at a discount? There are three ways and this guide covers each of them and gives you the tool to accomplish all 3.

Make a Ton of Offers

I'm sure you've heard the saying "You have to kiss a lot of frogs before you find your prince". When shopping for properties at a discount you must shift your thinking. Instead **"You have to kiss a lot of princes before you find your frog"**. Most sellers think their property is a perfect prince. So you have to make offers until you find a seller who understands their house has warts. I don't suggest kissing strangers. That will work against establishing credibility.

To find your frog you will be making a ton of offers. This guide gives you the format where you can send an offer to every seller you meet. The offer format is not an official legal offer. It's a written letter of intent that provides 3 ways you are willing to buy their property. Most sellers will not accept your offer. Most will politely decline.



Each offer contains **3 Options to consider:**

- *All Cash offer* (50-70% of the retail value of the property)
- *Seller Financing with Interest Only Payments* (70-85% of the retail value of the property)
- *Seller Financing with Principal Only Payments* (90-100% of the retail value of the property)

By offering 3 different ways to buy the property you will soften the blow to the sellers when they see the low cash offer.

This will catch the attention of a few sellers. And you're one step closer to landing a deal.



Setting Yourself Apart

Why would anyone accept any of these offers? Because they have extenuating circumstances where selling quickly or selling to an investor and taking monthly payments solves a problem in their life. Maybe they've had a sudden job transfer. Maybe they've owned property for years and are tired of the hassle and would jump at the chance to take monthly payments. You will never know until you ask.

You will also have a very professional letter where they can check out your website or call you directly. And they get to talk to you. You are a real-life person and not an internet scam.

Furthermore, you are giving them options to choose from and you're not just making a low-ball cash offer that works only for you. Investors have a reputation for making incredibly low offers. **Guilty!** I'm going to continue to make low offers that leaves room for me to turn a profit. That's how investors invest. If you want to be a successful investor you're going to do the same thing.



Now you can feel more comfortable doing so because the higher offers in option 2 and option 3 provide an alternative. For the deal to work the seller will need to concede something, they can have their price on my terms or their price on my terms. If they want all cash all at once for the full retail value of the property they should list it and let the market bring the highest price. This is what most sellers do. It's what I do when I sell my property. Because I'm not in a hurry and I'm not about to foreclose on

For the deal to work the seller will need to concede something, they can have their price on my terms (payments over time) or their terms (all cash up front) at my price.



Establishing Credibility



People like to do business with people they like, know and trust. Well the sellers you are talking to don't know you and have no reason to like or trust you, yet. Your job is to allow a seller to get to know you. That's why you put a link to your website so they can research this strange person that sent them an offer.

What is the first thing you would do if you got a letter like this? You'd check out the website and Facebook stalk them. If you've done your part you've created authentic, genuine content about you and your business on your website and your Facebook Business page. Your page has candid shots of you and your family, a professional headshot of you and, best of all, a video welcoming each visitor to your website.

Then when they call you on the phone you are professional and explain how the process works. At the very beginning you give them a release clause by saying “I’ll review your property and if it meets my criteria I can give you an offer within 48 hours. If at any time you don’t want to proceed you let me know and we’ll part as friends. I’ll reserve the same right to let know if I’m not interested. Does that sound fair?”

You are establishing yourself as a respectable business person. The more they interact with you the more they will like, know, and trust you. Because you are reputable and have nothing to hide. You wouldn’t conduct yourself any other way, right? Of course not!



Creating an Offer

You will need to know 3 things to make an offer:

- **The property's retail value**
- **The repair costs to get the property into retail condition**
- **the going market rent for the property**

The property's retail value is also known as the After-Repair Value (ARV). This is what the property would sell for on the retail value after it is fixed up and ready to sale. Remember, we're going to be making offers in great volume here. You don't have the time or budget to hire professionals to provide you an appraisal or Competitive Market Analysis (CMA). You're going to have to estimate it.

This will feel wrong at first. But you will need to do a quick estimation of the properties ARV. We're talking less than 5 minutes of research using online tools like Zillow.com, eppraisal.com, and iComps.com.





Then you will take the estimated repair costs based on the pictures you can see from the advertisement. I use this chart to make estimates:

Repair Estimate Chart

Minimum	\$5,000.00
Light repairs	\$10/sq ft
Medium repairs	\$15/sq ft
Heavy repairs	\$20-25/sq ft

My rule of thumb is every house needs at least \$5,000 in repairs. If the house appears to be in very good shape then I estimate repairs costs of \$5,000.

If it's clear it needs repairs I estimate if the property needs light, medium or heavy repair based on the pictures. If it appears to be only paint and carpet, then I consider it light. If it requires some mechanicals like a roof or new heating and cooling plus paint and carpet I consider it medium. If it needs everything I consider it heavy.

I'm making these offers contingent on a physical inspection to confirm or deny my assumptions. If my assumptions are incorrect I've allowed myself the opportunity to renegotiate or part as friends.

The following 2 pages are the format I use to submit offers. You may use them at your own risk. I'm not a lawyer, accountant, or financial adviser. Every investment carries risk and I am not guaranteeing in specific performance or rendering professional advice.

Happy Hunting out there for your frogs. I'm serious about not kissing strangers. That's weird!



Owner Full Name
Owner Billing Address
City, State, Zipcode

DD MMM YY

Dear **Owner First name OR LLC**,

I hope this letter finds you well.

I was recently browsing through a property management website and I noticed your property for rent. I own a property and know what it's like to have vacancies—not fun and a lot of work. The costs of getting it cleaned up after a tenant moves out can weigh heavily on the bottom line.

If you're anything like me, you own rental property for the passive income. But you may have thought rental property would be more “passive”. Well, it can be...

I don't know if this will make sense for you or not, but would you be open to a situation that would allow you to collect a monthly passive income from your property without all the headaches associated with being a landlord?

If so, please find enclosed a letter of intent with a few different options of how I would be willing to purchase your property.

Should you find any one of these options within the ballpark of an acceptable offer, you'll find my contact information on the Letter of Intent.

Look forward to hearing from you.

Sincerely,

First Last name
Buisness name
www.website.com
Phone: (123) 456- 7980

LETTER OF INTENT TO PURCHASE

Date: DD MMM YY
Seller: First Last Name
Address: 123 Main Street, Anywhere, USA

Thank you for the opportunity to review and consider your property. We are prepared to purchase your property in one of the following ways:

OPTION 1

1. 'All Cash' purchase price: **\$115,567.90**
2. Full purchase price payable to you at closing.
3. We pay all closing costs.

OPTION 2

1. Purchase price: **\$140,332.45**
2. We pay all closing costs.
3. **\$ 7,016.62** cash to you at closing.
4. Seller to finance the balance at **5%** interest only payments for 10 years (term) with full balance payable at the end of term

OPTION 3

1. Purchase price: **\$165,097.00**
2. We pay all closing costs.
3. **\$16,509.70** cash to you at closing.
4. Balance to be paid in **250** equal monthly payments.

To close in 30 days, all we need to confirm is the current status of any encumbrances and repairs.

Seller(s) Acceptance: _____

Seller(s) Acceptance: _____

Upon acceptance, or if you have any questions, call FIRST LAST at (123) 456 - 7890.