



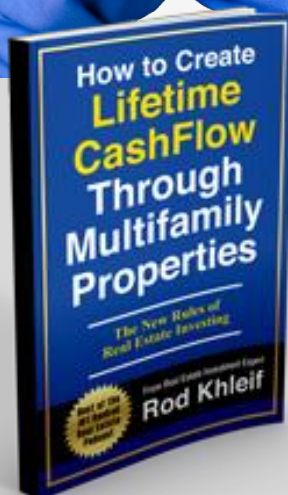
The
Lifetime CashFlow
Academy

Lifetime CashFlow Through Multifamily Properties

**Thank you for
investing in your
future!**

You're about to begin the most comprehensive multifamily investment course on the market. You'll find in this course all the tools you need to be successful, but only when you take action.

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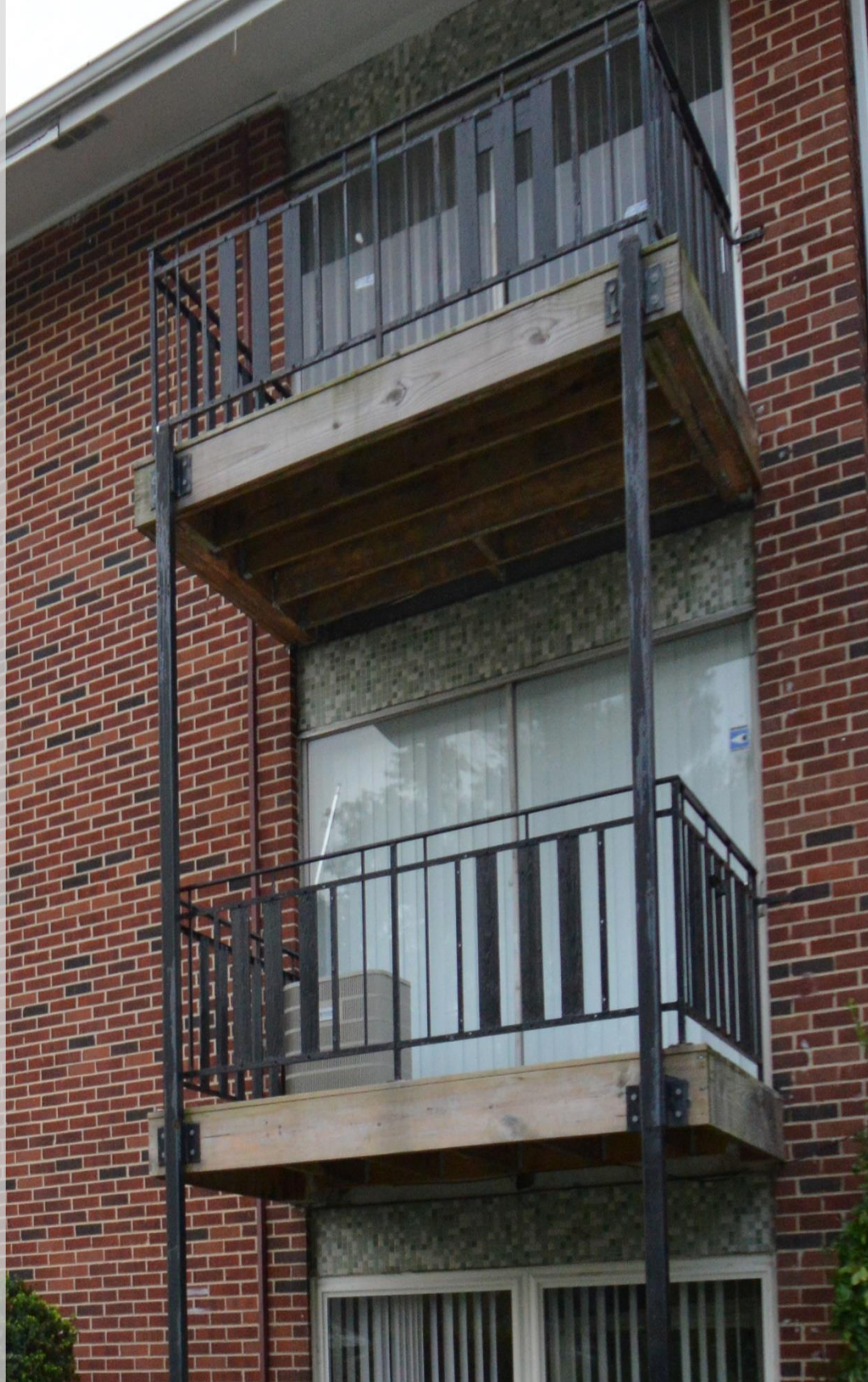
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*Host of the #1 ranked Real Estate Podcast on iTunes:
Lifetime CashFlow Through Real Estate Investing*

MODULE 5

Dealing with Sellers and Behind the Scenes



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Lifetime CashFlow

Through Multifamily Properties



The
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Dealing with Sellers and Behind the Scenes

Key Points

- How Successful People Think
- Dealing with Sellers
- Questions to Ask Sellers
- Explaining Seller Financing
- Setting Up Systems to Handle Your Deal Flow and Communications
- Building your Database
- Business Structures
- Beating Procrastination

How Successful People Think

Find the video in Module 5, Video 1 at 1:30.

If you study successful people like I have, you'll see they have many of the same traits in common.

Successful people are willing to fail. They realize nothing is easy, and they're willing to learn from the "seminars" in life.

They don't give up. They persevere and make their own luck by putting in hard work over time and positioning themselves in the right place to get lucky.

They set goals and plan ahead. Their goals are focused, big, and measurable.

Successful people are accountable to themselves. They don't rely on others to do the work. They own up to their mistakes, and use them to learn and improve.

They're able to reinvent themselves and stay relevant. They don't get crushed by the tidal wave; they surf it.

Successful people are great communicators. When asked what they do, they can answer clearly. They know what they do and can make you believe in them. They have a strong posture. They're persuasive and confident. They ask the right questions and are not afraid to solve problems by tapping their network.

Successful people seek out mentors and add value to them in return.

They're life-long learners and push themselves out of their comfort zones. They're always learning and growing.

They're excited about the journey and who they become on the journey.

They ignore get-rich-quick schemes and enjoy obstacles.

Successful people create. They don't just consume. They're not lost in TV or Facebook. They create new tools, presentations, and ideas.

They're ambitious. They know that through study and hard work they can be good at whatever they set their minds to.

Successful people are courageous. They confront their fears. They realize that if they do what they fear, the fear dies.

They're committed to their mission. They believe in their company, products, services, customers, and in themselves.

They do what the average are not willing to do. They have the will and determination to work harder and longer with more purpose, than others.

They have patience. They don't take frustrations and failures personally, they learn from them.

Successful people take the time to focus.

They live with integrity and do what they say they're going to do. They do what's right. Integrity defines who you are.

They're optimistic and share optimism with everybody. There's so much good in this world and it's worth fighting for.

Successful people develop their own self confidence. They trust themselves and their abilities and they don't care too much about what others think of them. They realize that when you follow through to your passion, put all of your energy into your work, and do it with honor, compassion and integrity, you can't care too much about what other people think of you.

Successful people live with passion! If you want to succeed in anything - if you really want to live - it's not by being tentative, apprehensive, or meek. It's your passion for your mission and life in general that will help you influence others and bring you success.

***Be humble and great. Courageous and determined.
Faithful and fearless. That's who you are and that's
who you always have been!***

Talking With Sellers

After you've taken action on the marketing lessons in Module 4, you'll start to get phone calls from interested sellers. Keep these tips in mind to handle those calls successfully.

Build Rapport

Your body language and tone of voice can convey more than your words. When you meet with sellers, it can be very effective to match them as much as possible. Matching the tone and speed of how they speak is a very effective way to build rapport.

Find something you have in common with the seller, like sports or something you like about the property. Creating a bond with the seller can make a huge difference in your negotiations. If they like you, everything becomes easier. Don't be fake. If you're sincerely interested in them and can find some sort of commonality it can pay huge dividends. I am not suggesting this to take advantage of an elderly seller, but this is a proven method for influencing your transaction positively.

Stay Positive

People like dealing with happy positive people. So regardless of how ludicrous their asking price, stay positive.

Smile

You can hear a smile in another person's voice, even when you're on the phone.

Relax and Help the Seller Relax

It can be nerve racking to talk to a stranger over the phone. But remember, if you are nervous and you're the professional here, imagine how they feel. Anything financial is stressful for people, so do what you can to help them relax.

Ask Questions

You want the seller to open up. The best way to do this is to ask questions, but always remember to ask permission first by simply saying:

"Do you mind if I ask you a few questions?"

Start with questions about the property, like the square footage, number of units, number of bedrooms and bathrooms, etc. They're non-threatening.

Then you can ask about how much they owe, the loan amount, and their asking price. They may say, "I don't know, make me an offer." We'll go over how to handle that answer later.

It's important to find out how soon they want to close because you need a firm time frame.

Try to determine why they're selling. Ask this question, then wait silently for the answer. Silence is very powerful, especially after an important question. This is a negotiation strategy which we'll dig into more in a later module.

Ask about the sellers' goals. Are they selling for retirement, college expenses, or some other reason?

Ask what they plan to do if doesn't sell.

Ask why they think it hasn't sold. This one is very illuminating and can give you information to negotiate with.

What do they plan to do with proceeds? If it's for retirement cashflow, you can position the deal for seller financing.

Ask if they've ever thought about carrying back the mortgage. If they say they're not interested in seller financing, you have an opportunity to show them how it can give them a much better retirement income.

Don't always assume the sales price is the highest concern. Many times it's not. A fast closing may be a higher priority to them.

They may just be frustrated with handling the management. If you can encourage them to open up a bit and reveal why they are considering selling, then perhaps you can gear your responses and subsequent offer to satisfying their need. If their need can be satisfied, then the price may not be such an issue.

Take a divorce forced sale, for example. The owner must sell whether or not they want. Splitting the price with the much hated spouse may be the least of the issues. He or she may just want to get the sale over and move on with their lives. If you can guarantee a quick sale, then your purchase price will look so much more appealing.

The Most Important Question

After you ask this question, be silent and wait for the seller to answer.

"If I would offer you all cash and close as quickly as absolutely possible, what would be the least amount that you would accept for the property?"

Regardless of the answer, follow up with, **"Is that the best you can do?"** Always ask this! They will typically come down at least a little.

The Seller Phone Call Script

Now, head over to the course materials and print out the Seller Phone Call Script. Study it well so you'll be ready to handle seller calls when they come in.

Make sure you're not pushy. You are not looking to wholesale the property.

You are looking for stable, profitable investments. You plan to hold on to the property, take care of it, and manage it well. Let the seller know that. Check your CRM database and/or do a quick search online and find out something about the property. If you can share something that you like about the property or create some commonality, you will create trust, reliability and possibly an emotional connection with the seller.

NOTES

MODULE 5

Systems for Deal Flow and Communications

Before you know it, your marketing efforts will be paying off. The phone will be ringing, emails will be coming in, and brokers will be sending you deals. A lot of deals will be crossing your desk.

It's a lot to keep track of, so you'll need systems in place to handle and sort all these bits of information. For most investors, you'll close on one deal for every 100-300 you work on. Don't get discouraged.

Recommended Reading

Not all of the deals that cross your desk will be good ones, but with practice you'll develop intuition. I recommend reading *Blink: the power of thinking without thinking*, by Malcolm Gladwell, to learn more about how intuition works.

Seller Conversations

Every call from your direct mail won't be "Hey, buy my property." You can expect to break your leads down into:

- "Take me off your list." "How did you get my info?"
- Tire kickers, just calling to see if you'll pay their crazy asking price.
- Testing the water, not interested in selling now but maybe in the future.
- Motivated and ready to sell.

Marketing Results

When you run split tests to find out which marketing messages work best, you'll need to track the results. If you're touching the list 6-7 times, you want to know what heading, picture, and wording works best. Maintaining this information, along with everything else can get overwhelming.

Managing Relationships with a CRM

Think of how many people you need to have a relationship with: bankers, brokers, buyers, sellers, investors... The list goes on and on. Don't think just because you're new and don't have many contacts yet that you shouldn't set up a system. Consistent contact builds relationships.

Remember: You're not an employee anymore. You're a business owner.

We'll show you how customer relationship management (CRM) software and databases can save you time and make you more money. I strongly encourage you to master the CRM. It's much better than just a spreadsheet.

The CRM we use is Really Simple Systems
www.reallysimplesystems.com

There are more complex ones available, but this one works just fine for real estate investing. It's free for two users up to 100 accounts, and offers paid tiers that will grow with you. The highest tier for an unlimited number of accounts, 40 users, and all the features is only \$50/month.

Make sure to see the Module 5 screen share video for a hands-on demonstration of how to set up your database in Really Simple Systems.

Consistent Communication with a CRM

Your CRM can prompt you to call brokers, bankers, and other team members. And it's great for managing email campaigns.

We like to send out an email campaign to brokers every 3-6 months. It's simple and just refreshes the brokers' memories on what our criteria is and that we're actively buying.

We also will send out email campaigns to other team members such as bankers, lenders, and attorneys. These can be as simple as a holiday greeting.

You're simply making a touch and establishing yourself as a real person.

Your CRM makes email campaigns as easy as typing up the message once and clicking "send to all brokers".

Most other investors are not doing this, so this can give you an edge.

Managing Seller Data with a CRM

Another vital aspect of the CRM is dealing with sellers. You'll be speaking with and hearing from sellers via different channels and different times of day. A seller isn't always going to be motivated between 9:00 and 5:00.

A CRM gives you a way to keep track of notes on everything potential sellers say. For example, a seller may say they plan to keep a property until their son goes to high school. A year later you can mention that fact if you have it written in your CRM. Remembering that personal information sets you apart.

We've had sellers call at 9:00 at night and frequently over the weekend. You need to always be ready to solve the sellers' problems.

When you get sellers on the phone, it's important to take notes and log them. You won't always be in front of the computer, so take notes in a small notepad and then immediately transfer them to your CRM. Then if they call back five months later, your CRM is a click away compared to digging through old papers looking for a sticky note.

In addition to noting info about the property, write down personal info like an upcoming vacation or wedding. Just make notes so you can bring it up in a latter call.

Don't forget to get sellers' phone numbers! Getting accurate phone numbers is difficult and once you talk to them you have their correct one for sure.

Even if a deal didn't work, you can follow up with a call a few months down the road. We like to do outbound calling campaigns to everyone who's reached out to us.

Managing all of this information would be impossible without utilizing our CRM.

Building Your Database

Data is one of the keys to success. All of your contacts will be in the CRM, but you'll also need organized databases. Our most useful database is a county by county list of every property we may have an interest in buying. This takes time to build, but it's hugely important. Just imagine how valuable a list of every 2-30 unit property in your county would be. It only takes a little updating once it's done.

With the parcel ID number, it's very easy to pull up the data from the county assessor's website.

Add other info like the last sale date and sale amount that you can use in future mail campaigns. If a property that fits your criteria sold 5 years ago, the owners may not want to sell now, but in 3-5 years they may want to.

Keeping all of this info accurate in a county by county database is something not many investors do.

Examples of Databases

- 2-4 unit properties in xyz county
- 5-30 unit properties in xyz county

Business Structures

It's risky and dangerous to buy investment properties in your own name. Real estate investors seek the benefits of putting each property under its own entity using one of these most commonly used business structures.

- C-corporations
- S-corporations
- Limited Partnerships (LP) - LLCs have replaced these.
- Limited Liability Companies (LLC), recommended.

C-corporation

- Stand-alone entity, like car companies and Coca Cola.
- They pay taxes on the income they generate and anybody who takes income out of the corporation has to pay taxes on that too. This double taxation is the biggest downside of C-corps.
- Not recommended for real estate investing.

S-corporation

- Not subject to double taxation.
- Profits and losses pass through to shareholders.
- Net income flows through an S-corporation into the personal tax return via Form K-1
- A major benefit is that shareholders can be employees and receive a salary.
- Any profit above a reasonable salary can be paid as bonuses or distributive shares.
- Distributive shares are not subject to social security and Medicare taxes. These can be very expensive.
- Recommended if you want to set up a construction or property management company.

Limited Liability Companies (LLC)

- Vehicle of choice for owning real estate.
- LLCs are easy to form in all 50 states. There are companies that will help you form LLCs for \$90-100 plus filing fees.
- Provides the same liability protection as a corporation
- Single level taxation
- Often referred to as a combination of partnership and corporation
- Very easy to manage and run.
- No annual meeting required.
- Upon formation an operating agreement is created. (See the course materials for an example of this agreement.) Use an attorney to set this up! The agreement spells out who manages the LLC and how. It includes each member's name and the percentages of ownership interest held by each member.
- Profits, losses, and tax benefits can be allocated any way you like in LLCs. This is very helpful when approaching investors when you want to start doing syndication. You can structure deals to meet each investor's needs, so that some of them get more cashflow while others get more tax benefits. This makes it a win-win for everybody.

Business Structures Tips

- Keep personal finances separate from your LLC.
- Get an umbrella liability policy.
- Keep each property in a separate LLC, but you can combine smaller properties into LLCs, for instance 4 or 5 duplexes in one LLC.
- Make sure each LLC has a separate bank account.
- It's important to separate properties into separate corporations. Then if there's a lawsuit against one property, the others are not affected at all. Think of it as keeping your properties in silos. It minimizes the amount of damage to your overall business. Ten units or more should always be in their own LLC.

Layering LLCs

LLCs can be set up as different kinds of companies.

Holding Company

You can form an LLC for your membership interest in more than one LLC. (Go back and see Module 5, video 5 at 8:41 to see an example of this.) This offers another layer of protection from lawsuits and can streamline selling properties by grouping them together under one corporation.

Management Company

This is an LLC that manages a group of properties. If you do this, be aware that you can only manage your own properties. If you manage someone else's you need to be a licensed real estate broker or have a licensed broker as one of the owners.

Construction Company

This LLC can provide an extra layer of liability protection and a greater tax shelter if you're flipping or rehabbing properties.

Procrastination

Find the video on Module 5, Video 5 at 13:06

Many people struggle with this. I do too!

We all make excuses for not pushing forward and taking action. Why?

- Distraction
- Fear
- Perfectionism

Beat Distraction with Focus

If we allow ourselves to be distracted from our dreams, they never materialize. To push past it, you need focus.

When you put "I am" in front of something that describes you it becomes part of your identity. It sets a strong psychological force in motion that makes you want to be consistent with how you identify yourself. I have a sign on my door that says, "I am focused."

So turn off your phone, internet email, and get present. Focus and get things done.

Face Down Fear

It's OK to admit you're feeling fear. Acknowledge it and push forward.

Remember that 99% of the things we fear never materialize.

Most fear is irrational. When I was in grade school I was afraid of the kids staring at me when the teacher called on me or when I walked into class late. But I finally reached a saturation point when I just said, "Enough is enough! Not another day!" And I pushed through that irrational fear.

Look at your goals and whys and focus on those when you feel fear.

Acknowledge that you feel the fear, but remember your mission is too important to let fear stop you.

False
Evidence
Appearing
Real

Bust the Myth of Perfectionism

Perfection is the lowest standard.

It keeps you from moving forward and finishing projects.

The truth is perfectionism is fear.

It's a little arrogant to put an impossible standard on yourself.

If you're caught in this trap you may beat yourself up for silly mistakes.

Perfectionism puts way too much emphasis on how others perceive you.

You can't be perfect. I've failed so many times it's not even funny.

Anybody who's successful has, but they've gotten back up and kicked butt!

Things will never be perfect!

Just git 'er done! You can always mess around with it later.

Module 5 Most Common Mistakes

- Spending too much time setting up your business entity. You don't need it until your first deal!
- Not setting up a basic free CRM.