

# *Needle In a Haystack*

Wholesaling Houses in Ontario

**ROB BREAK**



**BREAKTHROUGH PROPERTY INVESTMENTS**  
Real Estate Investing Made Easy

# Introductions

- ▶ Rob Break – Not a lawyer, just sharing my experience
- ▶ Wholesaling houses for the last 2 years
- ▶ Own 4 rental duplexes in Oshawa
- ▶ Student rental
- ▶ 2 BFRR deals with JV partners
- ▶ 1 Fix and Flip
- ▶ Breakthrough Real Estate Investing Podcast



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# What is Wholesaling Houses?

- ▶ The idea is to find an undervalued property put it under contract and then sell that contract to an investor who will hold it to rent or fix and sell.



# Anybody can do this?

## No money? No credit?

- ▶ Very little money. No credit.
- ▶ Advertising – bandit signs and lists
- ▶ Phone service – Evoice or Grasshopper
- ▶ Paper, ink, envelopes, stamps
- ▶ Gas
- ▶ TIME



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# Purchase and Sale Agreement

This agreement is made this 21<sup>st</sup> day of April 2013

between Seller(s) \_\_\_\_\_

and Buyer Rob Break

and or assignees. Seller agrees to sell and buyer agrees to buy the following described real property together with all improvements and fixtures and the personal property described below:

Street Address \_\_\_\_\_ ON. L1B 1A4, site 299

Legal description: \_\_\_\_\_ County \_\_\_\_\_

Personal property included: Property sold in "AS IS" condition 60,900.00

Earnest Money Deposit \$ 100.00 Cash To Seller At Closing \$ 60400 Purchase Price \$ 60500 601,000.00

The purchase price to be paid as follows:

Minus any unpaid Taxes, Mortgages, or Liens.

1. **EARNEST MONEY** is not refundable, per buyer's inspection and approval of purchase.

2. **THE BALANCE DUE SELLER** in the amount of \$ 60400 shall be paid as follows: Check

3. **PRORATIONS, IMPOUNDS & SECURITY DEPOSITS:** Loan interest, property taxes, insurance, and rents shall be prorated as of the date of closing. All security deposits shall be transferred to buyer at closing. All impound accounts for taxes and insurance are included in the purchase price and shall be transferred to buyer at closing. Any shortage in these accounts shall be charged to seller at closing.

4. **CONDITION OF HOUSE AND APPLIANCES:** Seller warrants that the house and all mechanical systems and appliances will be in good working order at closing. Buyer will have access to property for inspection.

5. **CLOSING DATE AND TRANSFER OF TITLE:** This transaction shall close on or before June 18, 2013 or within 45 days upon acceptance of this agreement. Closing will be held at Diamond, Fischman & Pushman, and Seller(s) agree to transfer marketable title free and clear of all encumbrances except those listed and pay any required state taxes or stamps required to record deed and mortgage. Seller agrees to furnish title insurance in the amount of the purchase price, showing no encumbrances or exceptions other than previously noted.

6. **DAMAGE TO PROPERTY:** Seller shall maintain property in its current condition and keep it insured against all loss until closing in the event of destruction covered by insurance, buyer may elect to close and collect the insurance proceeds.

7. **DEFAULTS:** If buyer defaults under this contract, any and all monies deposited by buyer(s) shall be retained by seller as full liquidated damages. If seller defaults, buyer may pursue all remedies allowed by law and seller's default.

8. **SUCCESSORS AND ASSIGNEES:** The terms and conditions of this contract shall bind all successors, heirs, administrators, trustees, executors and assignees of the respective parties.

9. **The Liability shall be limited to the property itself and shall not extend beyond.**

10. **ADDITIONAL TERMS:** Buyer retains the right to inspect said property, provided seller has one hour notice before inspection. This offer is contingent upon clear title, and is subject to my partner's approval.

11. This contract constitutes the entire agreement between Purchaser and Seller regarding the property and supersedes all prior discussions, negotiations and agreements whether oral or written.

12. Buyer agrees to purchase the property to rent, lease, assign, or sell for profit.

SELLERS: \_\_\_\_\_ DATE: Apr 7/13

BUYERS: \_\_\_\_\_ DATE: April 6, 2013

ADDRESS: \_\_\_\_\_

ADDRESS: 617 Tweedsmuir St. Oshawa ON. L1J 5T3

PHONE: \_\_\_\_\_

PHONE: 289-927-0464

# 6 Steps

- ▶ Step 1 – Advertise to sellers and buyers
- ▶ Step 2 – Identify the deal
- ▶ Step 3 – Analyze the deal
- ▶ Step 4 – Get the contract
- ▶ Step 5 – Market to buyers
- ▶ Step 6 – Assign the deal and collect your cheque



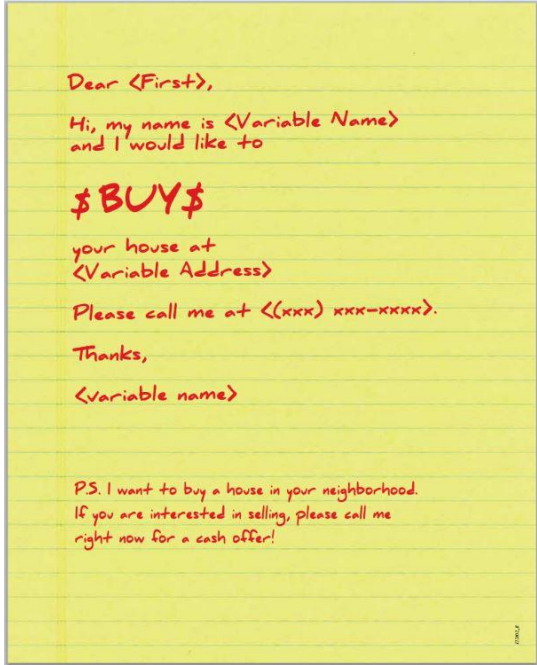
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# Step 1 – Advertise for Sellers and Buyers

- ▶ Bandit signs or stickers
- ▶ Yellow letters
- ▶ Online – Kijiji, Craigslist
- ▶ Door knocking
- ▶ Drive neighbourhoods
- ▶ Talk to everyone!



SELL YOUR  
HOUSE FAST  
FOR CASH  
905-233-2283



Dear <First>,  
Hi, my name is <Variable Name>  
and I would like to  
**\$BUY\$**  
your house at  
<Variable Address>  
Please call me at <(xxx) xxx-xxxx>.  
Thanks,  
<Variable name>

P.S. I want to buy a house in your neighborhood.  
If you are interested in selling, please call me  
right now for a cash offer!

# Step 2 – Identify the Deal

- ▶ Seller motivation – distressed property, distressed owner
- ▶ Are you speaking to the decision maker?
- ▶ What are the needs of the seller?
- ▶ Give and take



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# Step 3 – Analyze the Deal

- ▶ Who is your buyer?
- ▶ Highest and best use
- ▶ Renovation costs
- ▶ ARV – Get good comparable sales data
- ▶ Flip formula – 80% of ARV minus repairs and deal fee = buy price
- ▶ Submit offers!!!



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# Step 4 – Get the Contract

- ▶ Use an OREA contract
- ▶ Keep condition dates reasonable
- ▶ Offer a normal deposit (1% to sellers solicitor “in trust”)
- ▶ Have “out” clauses ie “subject to partners approval”



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# Step 5 – Assign the Deal and Collect Your Cheque

- ▶ If you have put the deposit down yourself make sure that you get it back too.
- ▶ Use an assignment of contract form and the lawyer will direct the funds to you at close.
- ▶ If you trust the buyer you may have them pay you directly after close.
- ▶ Go to Disneyland!



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# BFRR – First Time Investors



“CREATE YOUR OWN PENSION PLAN”



JOINT VENTURE INVESTMENT OPPORTUNITY

BUY, FIX, REFINANCE AND HOLD OSHAWA DUPLEX

**226% ANNUAL RETURN ON INVESTMENT**

## BUY AND FIX

<b>Purchase Price</b>	\$243 500.00
Down payment required	\$48 700.00
Closing costs	\$3622.00
Deal Fee	\$6000.00
Repairs	\$21 800
Staying power fund	\$1775.00
Carrying Costs	\$3710.00
<b>Total initial investor investment</b>	<b>\$83 807.00</b>

## AFTER REFINANCING

<b>Value after repairs</b>	\$340 000.00
Mortgage Amount	\$272 000.00
<b>Total remaining investor investment after re-financing</b>	<b>\$7407.00</b>
<b>Instant Equity Lift From Renos</b>	<b>\$60 593.00</b>
Rent income after repairs	\$2150/mo.
Mortgage 80% LTV (25 yr am)	\$1244.00
Taxes & insurance	\$367.00
Total carrying cost per month	\$1957.00
Cash flow	\$299.00
Mortgage Reduction Amount	\$682.00
Monthly Profit	\$875.00
Annual Profit	\$10 500.00
<b>Annual Return on Investment</b>	
<b>0 % appreciation</b>	<b>153%</b>
<b>3 % appreciation</b>	<b>226%</b>
<b>5 % appreciation</b>	<b>279%</b>

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**BREAKTHROUGH PROPERTY  
MANAGEMENT**

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**SMART HOME CHOICE INC.**