Twitter Thread by Chris Powers



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If I were looking to do my first real estate deal with zero prior experience and no money, here's what I'd do (I did).

I'd start with the target of buying a single-family, duplex, 3plex, or 4plex in an area close to where I lived and that I was familiar with.

I'd take an online RE course to get my license as quickly as possible (I did it in 2 weeks). Upon completion, I'd sign up for the MLS system so I could start looking at deals.

I'd call the listing agents involved and pepper them with questions about active and sold listings.

I'd also tell them about my plan to buy an investment property.

I'd call local banks or mortgage brokers to get an idea of loan terms I'd be able to qualify for. Rate, Loan Amount, LTV, Term, Guaranty, etc.

I'd be building relationships with these bankers along the way.

They should be able to give you an answer in 1-2 weeks on what you'll qualify for.

Be sure to ask them what options you'd have with an FHA loan, 3.5% down government backed.

I'd get laser focused and pick 1 or 2 neighborhoods and learn every single thing I could about the area.

I'd drive the streets, search public city planning for the area, know every proposed & ongoing development, talk to all the listing brokers that have properties on the market

to gather details, talk to businesses and people walking on the street asking lots of questions.

I'd be on Youtube watching FREE videos on how to model a property in excel.

I'd google search: How to make an investor deck?

I would put together an investor deck prior to having a property under contract that spelled out my desired investment, the terms, the skin in the game, how it would be managed, and a lot of information that shows I knew the market.

Can't stress enough the "skin in the game".

This will not only help educate an investor but through building one, you'll learn a lot.

Putting your thoughts on paper can be sobering.

I'd start talking to friends, family, or anyone who would listen about making an investment with me.

I'd offer favorable terms to any investor - remember it's deal 1, plenty of time to get market terms down the road.

In 90 days, you'd be more of a market expert than you think.

You'd have conviction and confidence.

You'd have seen so many properties, run so many proformas, talked to so many brokers - you'd start to build a gut for what a good deal looks like.

I'd then start cold calling every property that met my criteria and follow up with a letter offering to purchase.

I'd tell every broker I knew what I was looking for. A good broker (human) will be eager to help someone looking to do their first deal.

Put in the extra work and use your license to find a deal and get a buyer's commission at closing, which can be used as equity in the deal.

As soon as I got a property under contract, I'd update my deck and start calling all the investors I had talked to to show them the deal.

Raising equity is not as hard as it seems and your first investor is likely betting more on you than the property.

During all this, you'll want to meet contractors assuming you have some rehab work to do. I'd ask friends and family if they have a trusted contractor. Other obvious targets are calling contractors you search for on the internet.

But a hack is going to Home Depot early and meeting with the crews that show up.

Most crews show up early to get material before they head to their jobs.

Extra thoughts: You can bypass raising investor money if you can get the FHA loan, and use your commission (assuming you found the deal instead of another broker) as the equity for your 3.5% downpayment.

The commission is roughly 3%, so it should be close to all you need.

With one property, I'd manage it myself - you'll learn a lot throughout that process and there are several very affordable apps/software you can use to manage more efficiently.

You can use your license as well to list the property on MLS.

As Abe Lincoln once said, ""give me six hours to chop down a tree and I will spend the first four sharpening the axe."

Put in the work before buying and it will pay in spades once you find the property.

There are probably several other ways to execute that first deal, but here is one of them.

The end.