

A FREE FIELD GUIDE · ALAN FAITEL

The Wholesaling *Primer.*

What wholesaling really is, how a deal moves from a motivated seller to a cash buyer, and the handful of rules that keep you honest, legal, and in business — from someone who has been buying houses since 1986.

— Alan Faitel

What wholesaling *actually* is.

Wholesaling is finding a house that's worth buying, getting it under contract at a price that leaves room for profit, and then handing that contract to a buyer who will actually close — usually a rehabber or landlord paying cash. You are paid a fee for finding the deal and putting it together.

That's it. You aren't buying the house. You aren't fixing it. You're doing the hardest part of real estate — finding the deal — and getting paid for it.

The honest version: wholesaling is a sales and marketing business wearing a real estate costume. The people who last are the ones who talk to a lot of sellers, tell them the truth, and build a list of buyers who trust their numbers.

Why people start here

- **Low cash to start.** Your main costs are marketing and an earnest-money deposit, not a down payment.
- **You learn the market fast.** You'll see dozens of houses and run hundreds of numbers.
- **It feeds everything else.** The deals you don't sell, you may eventually flip or keep.

Why people quit

- They expect the first check in 30 days. The first deal usually takes months of steady outreach.
- They overestimate what a house is worth after repairs, and no buyer will take the contract.
- They skip the legal homework in their state and get a letter from a regulator.

How a wholesale deal *moves*.

1. **Find a motivated seller.** Inherited houses, tired landlords, behind-on-payments, divorce, relocation, a house that needs too much work. Motivation is about the situation, not the house.
2. **Learn the situation before the price.** Ask what happened, what they need, and by when. A seller who needs speed and certainty will trade some price for it.
3. **Run the numbers.** After-repair value (ARV), honest repair estimate, the buyer's profit, and your fee. (The worksheet guide on alanfaitel.com walks through this.)
4. **Make a fair offer and sign a contract.** Use a purchase agreement your local attorney approves, with the right to assign it, and a realistic inspection period.
5. **Put down earnest money** with a title company or attorney — never directly to the seller.
6. **Market the contract to your buyers.** Photos, repair estimate, comps, access dates. Be accurate. Your reputation is your buyers list.
7. **Assign or double-close.** Your buyer takes over the contract (assignment) or you buy and immediately resell (double close), depending on your state and the deal.
8. **Close at title.** The title company pays the seller, records the deed, and pays your fee.

Assignment vs. double close. An assignment is simpler and cheaper, and your fee shows on the settlement statement. A double close costs more (two sets of closing costs, sometimes short-term funding) but keeps the two sides separate. Ask your title company which they handle and what your state allows.

THE MATH

The number your *buyer* cares about.

Your buyer is going to fix the house and sell it, or rent it. They have to make money, so your contract price has to leave room for them. Work backwards from the finished value:

ILLUSTRATIVE EXAMPLE	AMOUNT
After-repair value (from sold comps, not list prices)	\$200,000
Buyer's target (often around 70% of ARV — varies by market)	\$140,000
Minus honest repair estimate	– \$35,000
Most the buyer will pay for the contract	\$105,000
Minus your assignment fee	– \$10,000
Your maximum offer to the seller	\$95,000

Numbers are illustrative, chosen to teach the math — not a prediction for any market or house.

Where new wholesalers get burned

- **Inflated ARV.** Use recent sold houses that are truly similar — same area, size, age, condition after rehab. Not the nicest house on the street.
- **Lowball repairs.** Walk the house with a contractor or an experienced rehabber until you can estimate on your own. Roof, furnace, electrical, foundation, and water are where budgets die.
- **Greedy fees.** A fee that kills the buyer's profit is a fee you won't collect. A smaller fee on a deal that closes beats a big fee on one that doesn't.

Rules that keep you *honest and legal*.

- **Know your state's law.** A growing number of states regulate wholesaling — requiring a license, written disclosures, or limiting how many deals you can do without one. Marketing a contract you don't own can be treated as brokering. Check before your first deal.
- **Tell the seller what you're doing.** Say plainly that you may assign the contract or partner with an investor. Put it in the contract. Sellers who feel tricked call attorneys.
- **Only sign what you can close or assign.** Tying up a house with no real ability to perform hurts a seller who needed to move.
- **Use a title company or real estate attorney.** Every deal. They protect the seller, the buyer, and you.
- **Be careful with distressed sellers.** Foreclosure, probate, and elderly homeowners can carry extra legal rules and waiting periods. When in doubt, slow down and ask an attorney.
- **Keep your marketing truthful.** Don't promise "top dollar" if you're offering a discount for speed and convenience. Say what you are.

This guide is general education, not legal or tax advice. Real estate laws vary by state and change. Before you sign anything, talk to a local real estate attorney.

WHERE TO START THIS WEEK

Your first *five* moves.

1. **Pick one area.** A few zip codes you can learn cold. Know what a three-bedroom ranch sold for last month.
2. **Call two title companies and one attorney.** Ask if they're investor-friendly, how they handle assignments, and what your state requires of wholesalers.
3. **Start a buyers list.** Go to a local REIA meeting. Look at who's paying cash at the courthouse records. Ask what they buy and at what price.
4. **Choose one way to find sellers** — driving for dollars, direct mail, calling inherited-property lists — and do it every week for 90 days. Consistency beats cleverness.
5. **Run numbers on ten houses** before you make one offer. Then make offers. Lots of them, all fair.

WHEN YOU WANT A SECOND SET OF EYES

Bring me a real deal — the address, your comps, your repair number. The first conversation is free. If it's a good one, I may partner with you on it and help fund it.

Talk to AL — not AI.

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