



YOU'RE JUST ONE DEAL AWAY

The 1-2-3's Of Rehabbing!

Host: Zack Childress

So, the big question is this, how do aspiring real estate investors like us escape from the rat race and build real wealth and freedom without access to millions of dollars in investment capital and start to live the life that we know we deserve? This is the question and this podcast will give you the answer. My name is Zack Childress and welcome to Real Estate Investing Talk Show.

Zack Childress:

So, stage one is your responsibility. What is that? Write it down. There're four things that you need to be focused on under stage one, and that is number one, finding deals. That is your responsibility. Whether you're doing that through some marketing, outsource, through offers, through direct mail, through Facebook advertisement, through outbound calls, through door knocking, through bandit signs. It doesn't matter. Your responsibility is leads, finding deals, converting leads into deals. That is your responsibility under stage one. Okay? Number two, you got to evaluate deals. That is always your responsibility. You can have other people evaluate them, but you got to check their work to make sure what you're looking at is an actual deal. Number three is contracting. You got to be contracting deals. Your responsibility is contracting, okay, and your other responsibility is funding. You're always going to be finding funding.

Zack Childress:

Funding is a never-ending journey for the entrepreneur in stage one, and I'm going to add a fifth one in here because this is part of your responsibility too, and its team building. It's team building, so let's go back over those. Stage one is your responsibility. This is what you need to be focused on. When you're doing flips and rehabs. You need to be focused on these five things because I added a fifth one in there. Number one, finding deals. Number two, evaluating deals.



YOU'RE JUST ONE DEAL AWAY

Number three, contracting deals, number four funding your deals, and number five team building. Okay? You as the entrepreneur has to. You have to always be building your team. Who's on your team? Agents, contractors, closing attorneys, your power team, right? Making sure you have the right team in place. The other thing that you have to be working on all the time is funding sources.

Zack Childress: Building your funding in place, making sure you have asset-based lenders, hard money lenders, bridge funders, transactional funders. Local banks, lines of credits, he locks all the funding sources that are out there. You need to be figuring out which ones you can tap into and how can you utilize those resources. And then you need to always be finding deals, evaluating deals and contracting deals, finding deals, evaluating deals and contracting deals. You've got to always be focused on that. That is your responsibility under stage one. You understand, like if all you do is focus on stage one, then you will have a business that will be successful because that leads us into stage two. So, stage two is really the part where you have to learn to let go because if you don't learn to let go in stage two, this is where rehabbing isn't fun anymore guys.

Zack Childress: This is where you start finding yourself in a situation where you're not happy. You're not. You're not doing what you want to do. You might have not done what you were supposed to do in stage one, which was build your team correctly. See, and this all has a domino effect, right? Like if you don't build your team correctly, you will end up doing stage two. You will end up doing stage two and stage two consists of five things also. Okay. Stage two is once I've found the deal, I have evaluated the deal, I have contracted the deal and I have funded the deal. I had that deal off to my team member that I built in stage one, which is my contractor, right? I handed off to the contractor and I say, okay, Mr. Contractor, you've got it from here. I'm going to go focus on finding more deals,



YOU'RE JUST ONE DEAL AWAY

evaluating deals, contracting deals, getting money, and making sure that I keep my team built. Okay.

Zack Childress:

Because here's why. I may have a contract that can only do one job at a time, but if I'm doing my job in stage one that I'm finding more deals that I might need another contractor on. That's why it's so important for me to keep doing stage one, building my team. Right? So, in stage two, it's your contractor's responsibility. They are responsible for stage two. Now, does that mean that you walk away and you don't deal with it at all anymore? No. Your job at that point is just to make sure your contractor in stage two is handling the responsibilities that they're supposed to handle. That's why I say if you meet with them Monday, Wednesday and Friday, you might have three, four, five hours a week that you're putting into that project because you're not doing the contractor's work. You're managing your team and that's part of stage one building and managing your team.

Zack Childress:

Okay. So, what is the contractor's responsibility? Well, it's like the inspections, right? You know, you have inspection, your contractors, making sure that the inspection that got done is being fixed and being worked on. They're responsible for the demo, they're responsible for the rehabbing, they're responsible for the finish work. They're responsible for the final walkthroughs. They're responsible from taking the ugly house and making it pretty. Your responsibility is checking in on them on Monday, Wednesday and Friday to make sure that they are making that ugly house look pretty based on the budget that you give them to work off of. Okay. A lot of you get caught in rehabbing and you do stage one, two and stage three and that's where the big issue happens is that you're just not in a position to do them all and you shouldn't be doing them all.



YOU'RE JUST ONE DEAL AWAY

Zack Childress: Let me just be very honest with you. If you're doing them all, then you're never growing your business. Okay, but you got to get real clear that you've got to hand it off. You've got to hand it off to a contractor. Okay? You got to hand it off to a contractor because when you hand it off to a contractor, that's their job. Their job is to manage stage two of the three stage rehabbing process. Look, there's no way I can have as many rehabs as I've got going on. If I was trying to do all of stage one, which is your job as the entrepreneur and the business owner and we talked about the five things in stage one. Plus, I was trying to do all of stage two, which is all the responsibilities of the contractor. If I'm trying to do both, then how am I growing the business?

Zack Childress: How am I focusing on my team, building my funding resources, my contracting, my deal finding? I'm not focused on that and then what happens is I have a business that does this. I have a business that's going up and down, up and down, up and down. Instead of a steady growth, you can't go from doing one or two rehabs a year to 20 to 30 rehabs a year if you're going up and down and up and down. It doesn't work that way and so it's important that you really define and understand the three stages and how to hand off stage two to the contractor so that you're spending Monday, Wednesday, Friday. I don't know. You could spend an hour each day, two hours each day. It's up to you and how involved you need to be on managing the contractor inside of stage two. Okay?

Zack Childress: That's where it really, really hits home. When you start to wake up and recognize that your job isn't to find it, fund it, contract it, and then remodel it and do all of that. Plus do stage three, too. You'll never grow the business successfully that way. So now, do I believe that you need to be out learning? Of course, I do, especially if it's your first rehab, if it's your first rehab, be at, be at that job as much as you can, just so that you can learn some of the processes, how the contractor works, but don't make that your job. Your job isn't to be the



YOU'RE JUST ONE DEAL AWAY

contractor. Your job is to be the entrepreneur running a remodeling business or a home redevelopment company to where your job is focused on acquiring the inventory, acquiring the funds, building the right team, and utilizing your skill sets to manage the team that you're putting underneath you so that they perform the work in an efficient time within budget so that you get quality that you can put back on the market.

Zack Childress:

All right, so anyway, stage one is your responsibility. Remember we're talking about the three main stages when it comes to rehabbing a house. Stage one is your responsibility. There're five things inside of stage one, finding deals, evaluating deals, contracting deals, funding deals, and building your team. That is your responsibility, which then moves us to stage two, because we're talking about a three-step process to rehabbing made easy. Stage two is all about your contractor. It's about if you did your team building correctly, you've got a good contractor on your job that contractors dealing with all the repairs from the inspections, the demoing, the rehabbing, and the final walk throughs to make sure that job is done, meaning the finish work. Now you should be meeting with a contractor or that job, maybe once on a Monday, Wednesday, and a Friday, an hour here, two hours there. Just making sure you're staying in the loop and you're keeping it on track.

Zack Childress:

Which then ultimately leads us to stage three, right? So, stage three is when Stage two has been completed. Stage two, which is your contractor's responsibility, moves over to stage three, which is your agent's responsibility. And stage three is like this, the staging of the property, the listing of the house, the selling, the property, the showings of the property, the closing, the paperwork, the document. That's their responsibility. So, you can see it's a triangle effect. I'm at the head of the triangle. I'm doing stage one. I'm always building my team of contractors, agent's, closing attorneys, handyman,



YOU'RE JUST ONE DEAL AWAY

electricians, floor, vendors. I'm building my team. I'm also building my funding resources. I'm connecting with asset lenders, hard money lenders, bridge funders, transactional funders, local banks, lines of credits, he logs. I'm always building my funding sources and I'm always finding deals and evaluating deals and contracting deals because when I get one, I then hand it off to the contractor. Right.

Zack Childress:

I get a deal. I'm ready to get it closed. Once I'm ready to get it closed, I will obviously work with an agent to close it, but once I own it, I'm then going to, you know, make sure that that contractor steps on the job. He builds it, he gets the inspection report and he starts his responsibility. I'm going to check up on that contractor, right? I'm going to check up on that contractor, but when that contractor is finished and we've done the final walk through and he's done his final punch list, I'm handing that over to the listing agent and that listing agent's responsibility at that point is getting it listed, staging the property, making sure that it's getting shown and it's getting sold and they're selling it, and then handling all the closing paperwork and the documents needed to get it close. So therefore, I'm not consumed with the entire process of the property.

Zack Childress:

Yes. Do I have to pay a little bit more to hire a contractor? Yes. Do I have to pay a little bit more to have an agent sell it for me with commission? Yes. But does it allow me to be the head of the ship and drive it in stage one? Guys, that is why so many new investors make a huge mistake. They try to do stage one, stage two and stage three all at the same time and when they do find a deal, they're like, they're on a run. They're like, I'm going to find the deal. The next thing you know, they lose that momentum because now they're inside stage trying to get the property done and they're out there saying, oh, I'm going to save money if I go hang all the lights myself. Oh, I'm going to save money if I do the landscaping myself.



YOU'RE JUST ONE DEAL AWAY

Zack Childress:

Do you know how big of a lie that is you're telling yourself? That is the biggest lie you will ever tell yourself is when you say to yourself, oh, I'll save money by doing this myself. No, my friend. You're not thinking of future cost because now you're not running the aspects of the business. When you're out there doing what the contractors should have been doing, but you thought you were saving money. Here's the other thing. People say, Oh, well, I'll save money if I don't hire a contractor. That is about the biggest bs that you'll ever tell yourself when you look in the mirror, because when you try to do it yourself, now you're acting as the contractor, which means you're not acting in stage one, which is the entrepreneur. You're not building the business. You're not doing what you're supposed to be doing, which is running the business. Listen, if you want it to be a contractor, go get your contractor license and go out and do contractor work.

Zack Childress:

If you want to run a business, run the business, and then people go, oh, well I'll save money if I list it myself. Look, if you want to be an agent, go get your agent license. Okay. Your real estate license. I've been doing this 16 years and never had a real estate license. Don't want one. Don't need one. Have no desire for one. Why? Because I believe in team building, I believe that agents have a job to do and I'm going to let them do that job now. Don't get me wrong. If they're not performing where I need them to perform, I'll go get somebody else just like my contractors. So just like my contractors.

You've been listening to the Real Estate Investing Talk Show. I'm Zack Childress and I'm on a mission to create 10,000 real estate bosses over the next year. Will you be one of them?

Head over to my website, ReiSuccessAcademy.com/webclass, and register for my free web class, where you'll discover how to escape from the nine to five grind and become your own boss in real estate. See you there.



YOU'RE JUST ONE DEAL AWAY