

the LAND FLIPPING LIFECYCLE

by Seth Williams

founder of **RE**tipster



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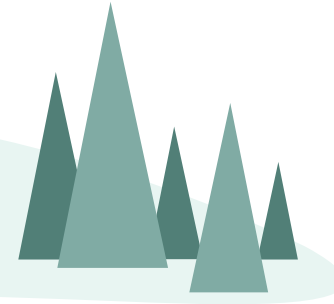
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Introduction



Some time ago, I discovered a fascinating page on **Landlordology.com** called [The Landlord Lifecycle](#).

This was something my friend Lucas Hall told me about, and I thought it was a pretty brilliant way to map out the process that all self-managing landlords have to understand when starting and building their rental property portfolio.

It got me thinking... what if I created something like this for the [land investing business](#)? Perhaps a similar road map could help clarify things for those who are still trying to get their arms around *how this business really works*, and whether it's something they want to pursue.

So if you've ever wondered what the typical "lifecycle" looks like for a raw land deal, I spent some time putting together a detailed framework for all the aspiring land flippers out there, in an effort to make it abundantly clear how the process works.

Of course, this is just one model that can be can be followed. This is the way I do it, but not every land investor goes through these exact motions (though from what I've seen, most of us follow a pretty similar set of steps).

As I've been working in this business over the past decade, this is the most systematic and sustainable way I've been able to nail down so far.

Let's get started!

Step 1: Market Research

When you're starting from square one, it's wise to look at several markets before you hit the ground running.

There are plenty of acquisition opportunities in most markets, but not every market has the same types of properties available at the same price range.

Every area will produce a slightly different response to your marketing efforts.

- To the extent possible, define what your ideal property looks like (e.g. – size, uses, zoning, location, value, etc.)
- [Establish your budget](#) for marketing and acquisition.



- Identify any state and local laws that may apply to vacant land transactions.
- Determine whether you intend to sell for cash or with seller financing (or both).
- Find out what property information is available from the county and/or your [data service](#) of choice.

RELATED:

[*Finding Your Best Market for Land Investing*](#)

Step 2: Direct Mail Marketing

There are many ways to find real estate deals, but when it comes to vacant land, direct mail is widely considered to be the most efficient and cost-effective way to find motivated sellers.

The success of any direct mail campaign has everything to do with your ability to *find the right data, organize it adequately and send a compelling message to the right people.*

- Determine where you're going to get your list of property owners ([the county](#) or a [data service](#)).
- Get your list [filtered and sorted](#) for the best possible response rate.
- Upload your list and direct mail piece to a direct mail service provider and [send the mail](#)!

RELATED:

[*How I Find Motivated Sellers \(And Get Them Calling Me\)*](#)



Step 3: Process Leads & Make Offers

As the responses come in from your direct mail campaign, make sure you have the right systems in place to manage those inbound calls, emails and website submissions. You'll also need to make sure you're getting the right information as you move into your due diligence on each property.

- Set up a [phone system](#) (and preferably, a customized [voicemail greeting](#)) to answer the sellers that choose to call you.
- Create a [buying website](#) to build your credibility and give sellers a way to submit their property information to you online.
- Respond to your inbound leads when necessary, and [gather the essential information you'll need](#) in order to close with confidence.



- Set up a FAST, seamless system for making *non-committal* offers. You can do this by sending out [blind offers](#) with your initial direct mail campaign (see Step 2) or [emailing offers](#) to each property owner.
- If any negotiation is required to get an acceptance, only have those conversations on the properties that are worth fighting for (and only revise your offer to the point that it still fits within [the amount you're willing to pay](#)).

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[Boost Your Acceptance Rate By Asking This Question](#)

Step 4: Due Diligence

When your offers start getting accepted, it's time to dive into your due diligence. Are there any hidden problems you need to be aware of? Are there any apparent reasons you *shouldn't* go through with this purchase? **Don't count on the seller to give you all the information.** The only way to be confident about what you're purchasing is to *do your own homework*.

- [Find the property's location, shape, size, and dimensions](#), and verify that these aspects of the property are acceptable.
- Look closely at similar properties listed for sale in the near vicinity (and if any data is available for [sold comps](#), look at those too). Try to nail down an [approximate market value](#) for your subject property.
- Check the property for any potential issues that would affect its uses (zoning, wetlands, terrain, surroundings, etc.)



- Make sure you understand all of the costs associated with purchasing AND owning the property (back due taxes, recording fees, HOA fees, etc.). *Even if your intent is to sell the property as soon as possible, be fully informed about what it would cost to hold the property for a longer period of time, like 12 – 36 months.*
- If any adjustments need to be made to your offer price based on your findings, discuss this with the seller and revise your [purchase agreement](#) before closing.

RELATED:

[The Truth About Land Investing: 15 Warning Signs to Look for When Buying Vacant Land](#)



Step 5: Closing the Acquisition

There are two different ways to handle the closing process for vacant land. One option is to close the conventional way – with a **title company** or **real estate attorney** (this is a more costly approach, and it usually makes sense for properties valued at \$10K or more).

Another option is to be *unconventional* and **close it yourself** (this is far less expensive, but also requires more time and education. It usually makes more sense for properties valued at \$5K or less, because these properties have a smaller profit margin, and the cost of hiring a closing agent will usually kill the deal).



Closing a cash land transaction is fairly straightforward, but any type of real estate closing involves some inherent risk. The documentation, steps and even the law can vary greatly [depending on the state and municipality your property is located in](#). You should only conduct your own closings if you've done your own independent research and verified what documentation and procedures are required for your situation.

- **Option 1:** Do your own title search to verify a clear chain of title and conduct an in-house [cash closing](#) (often makes sense for properties with a market value of less than \$5K).
- **Option 2:** Send your signed purchase agreement to a professional closing agent and let them do all the work (often makes sense for properties with a market value of \$10K or more).
- **Option 3:** Take the hybrid approach, by ordering title insurance and closing the transaction yourself. Note: When you use a professional closing agent, title insurance should automatically be part of the package. When you close on your own, you can decide whether or not to buy title insurance (from a cost standpoint, this hybrid approach often makes sense for properties with a market value between \$5K – \$10K)

RELATED:

[Understanding Title Insurance: How to Read a Preliminary Title Commitment](#)

Step 6: List, Promote, Sell

Now that you have a property (or several properties) in your inventory, it's time to turn around and get them sold. Some properties will sell quickly (in a matter of days) and others will take more time (in a matter of months). The speed of the sale has a lot to do with the quality of your listing, the desirability of the geographic area (and the property itself), the reach of your promotional efforts, and the price and terms you're offering (among other things).

- Start by creating a [compelling property listing](#), with [great pictures](#), an informative description (and [even video](#), if possible).
- Post your property listing in [as many places as possible](#), and focus your efforts on the outlets with the highest traffic and/or the most targeted audience for land buyers.

- Price your property competitively (if you bought it at 10% – 30% of market value, this shouldn't be difficult) and it also helps if you're willing to offer [seller financing](#) whenever possible.
- [Contact the neighbors](#) and let them know of the property you have for sale.
- [Build a buyers list](#) and keep them informed of the properties you have available.

RELATED:

[5 Fundamentals That Sell Real Estate Fast](#)



Step 7: Process Buyer Leads

When you post listings all over the internet, you're going to get a lot of people responding to them. Many of these people will be "tire-kickers", people who aren't serious about buying, but they feel compelled to ask questions and waste your time anyway.

- Follow up with every email, text, call and comment on your property listings and leave no stone unturned. It's usually not possible to determine if someone is a serious buyer on the first contact, so be sure to follow up with everyone.
- Ask qualifying questions to weed out the tire kickers and determine whether you're talking to a serious buyer. If someone indicates that they DO have the cash and they ARE ready to buy, you'll have a good reason to keep the conversation going.



- Even if someone doesn't end up buying the property they're inquiring about, be sure to add them to your buyers list and keep them informed about other properties in your inventory that might fit their needs.

RELATED:

[The Real Estate Investor's Guide to Building a Buyers List](#)

Step 8: Closing the Sale

This is where the land flipper finally gets paid. The complexity of the closing process can vary depending on the buyer, the property, the state laws in effect and whether the property is being sold for cash or on terms (i.e. – seller financing).

- When you've got an interested buyer who has verbally committed, it's time to schedule a closing date (signing a purchase agreement and collecting an earnest deposit aren't required, but both actions will signify the buyer's commitment to the deal).
- Depending on the profit margin in the deal (and who ends up paying for the closing costs), it may make sense to enlist the help of a title company to handle all the paperwork and facilitate the closing.

- If the property has a smaller profit margin, the closing can also be handled in-house, by simply signing the deed over to the buyer after being paid.

RELATED:

[How to Close a Cash Land Transaction In-House](#)



Step 9: Seller Financing (optional)

You don't have to offer seller financing on the properties you sell (as it does add some complexities to the process), but if you are willing to – you can expect your properties to sell faster, sell at a higher price, generate some passive income and *make a lot more money in the long run*.

Seller financing can offer some [huge advantages for land investors](#), because most banks and credit unions *won't offer loans for vacant land* – and since most land buyers will have a harder time finding the funds to buy your property, you can solve this problem by financing the sale for them (and since you're acting as their lender, you'll have a lot of freedom and flexibility over what the terms will be).

- Do some homework to find out what type of lending instrument should be used in the state where your property is located.
- Consult with a legal professional to understand what will be required if a borrower ever defaults on their payments to you (i.e. – In the worst case scenario, how difficult, costly and time-consuming will it be to repossess/resell your property)?



- Finalize the terms with your borrower, [verify their ability to repay](#) (optional), close the transaction and start collecting payments.
- Get the right systems in place to automate the collection of payments, keep track of loan balances and stay on top of borrowers if/when they pay late (or stop paying altogether).

RELATED:

[Land Contract or Deed of Trust? Which is Better for Seller Financing?](#)

Step 10: Repeat the Process, Grow your Business

By the time you reach the end of the land flipping lifecycle – you will have learned A LOT of lessons about what you *should* and *shouldn't* continue doing as you circle back to Step 1 and repeat the process.

- **Take some time to analyze how everything progressed through each of the previous steps.**
 - What went well?
 - What could have gone better?
 - What can you change to smooth out the process?
- **Think about how you can navigate through the lifecycle in a more efficient, sustainable and profitable way.**
 - Should you work in a different market, or stay in the same place?
 - Should you go after similar property types, or pursue something different?
 - Should you change the way you handled prospects and made offers?
 - Which marketing mediums were most effective for you in the selling process?
 - Where should you be spending more (or less) time and money?



- Was it easy or difficult to get your property sold? Why?
 - If it was difficult, what would have made it easier?
 - If it was easy, should you have asked for more?
- **Make any necessary adjustments to your game plan and jump back into it!**

If you've made it all the way through the lifecycle, **give yourself a BIG pat on the back!**

Many people burn out somewhere in the previous steps because land flipping is like any business – unexpected challenges **WILL** come up, things **DON'T** always happen as quickly and seamlessly as we'd like them to, and it takes real patience and stamina to keep pushing forward.

RELATED:
[The #1 Reason Land Investors Fail](#)

Step 11: Evolving Your Business

When you've been through the lifecycle a dozen times (and learned lots of new lessons each time through), you'll eventually become much more confident in what you're doing and you'll know how to make a sustainable income by repeating these steps.

For most people, land investing is a means to an end – so whatever your end goal is, be intentional about moving your business and life in that direction.

- If your goal is to [diversify your income](#) or [fund your retirement](#) by investing in other things, then make sure you've set aside a budget to do this!
- If your goal is to funnel your land profits into [buying rental properties](#), then don't forget to continue investing in profitable rentals!
- If your goal is to build up dozens (or hundreds?) of streams of passive income from the seller financed land deals, then make sure you're selling your properties this way!
- If your goal is to [quit your job](#) and spend more time with your family, then make sure you've got a game plan to quit your job and make more time for your family!

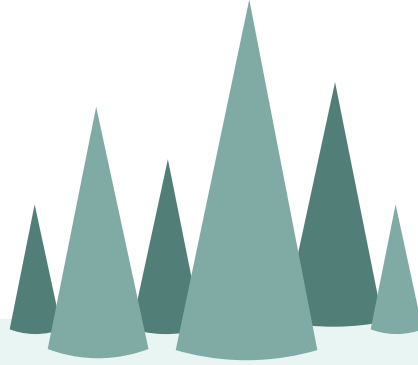
I know from experience, even when you've got a business that runs like a well-oiled machine, it's easy to let the business run you, rather than you running your business. Whatever your long-term goals are, don't forget to keep those goals in mind as you make short-term decisions.

RELATED:

[*The Real Problem With Your Ambition \(And How to Avoid It\)*](#)







Want to Learn More About Land Investing?

The truth about [land investing](#) is that *most people have no idea how powerful it really is*. Land is a **massive opportunity** that most investors aren't paying attention to – and for the few land investors who know how to pursue this business with the right acquisition strategy, it's an extremely lucrative way to build wealth and financial freedom with real estate.

If you want to get the inside scoop on how to start and run your own land investing business, come and check out the [REtipster Club](#) – where you'll get access to a full 12-week course, videos, bonuses, downloads and a members-only forum (where I spend time answering questions every week).

There is no better place to learn this business from the inside out!



About the Author



Seth Williams is a land investor and residential income property owner, with hundreds of closed transactions and nearly a decade of experience in the commercial real estate banking industry.

He is also the Founder of [REtipster](https://REtipster.com) - a real estate investing blog that offers real-world guidance for real estate investors.

Connect with Seth on social media:

