FINDING FLIPS

THE CANADIAN GUIDE TO FIND HOUSES TO BUY RENOVATE AND SELL

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Introduction

Hello, fellow Canadian investor, and thanks for taking the time to take this book in. I put it together as a licensed real estate agent and investor in Calgary when I realized how many people, including fellow agents, were asking me how to find great deals. There is a lot of information out there to sift through. Just search YouTube or your favourite blogs on real estate investing, and you can spend months going through the information before you find an ideal place to start your investment Journey. Once you start, there can be a lot of trial and error. The unfortunate thing about real estate investing is errors tend to be costly. Much of the info available on strategies that will work for Canadians and the actual shortcuts to success can also hide behind expensive training & courseware. Alot of it, unfortunately, also needs to be Canada-specific. Argh!! When I first got interested in real estate investing, I did, like most people I know, read many concepts by US authors and investors, *then* joined local & online groups, masterminds, and training that helped me apply it to my city and Province. I've spent years of trial and error, thousands of dollars in training, and many more in costly mistakes, so you don't have to. This book aims to give you strategies that work as quickly as possible; even if you're a new investor.

Most importantly I'll distill down the best practices that work for Canadians. I'll let you know what works from my close to two decades of personal experience transacting in real estate in Alberta for both myself and some of my most successful clients. We'll do it step-by-step so whether you are a seasoned investor who is

looking for a way to keep your pipeline filled with investment-ready homes or a brand new investor who wants to make sure they can get a property that is going to be their first profitable flip, then this is for you.

CHAPTER 1

WHAT IS A FLIP?

There are two main ways that people refer to flipping real estate. The first is where an investor would *buy a property in a rapidly appreciating Market, hoping to resell it with little to no repairs.* A Flip based solely on appreciation works because of the market conditions rather than having anything to do with the property itself. This strategy worked well for decades in major Canadian markets like Toronto and Vancouver. However, be aware that if you attempt flipping this way, how much you make will depend on how much a market appreciates. If the market stays flat or depreciates however the same property could quickly become a burden to you.

Eg. A Pre-construction condo unit or house is bought at a price that is less than the expected market value once you complete the construction. You take possession of the property once the project is completed a year or two later and sell it for a profit.

Or

Buying a house in an area that is in demand. Holding on to it for a while for the market to appreciate then selling it for a profit.

If you want to try your hand solely at the market appreciation game, contact your preferred builder or agents, do some economic research on how much you believe the market will appreciate, buy your property and wait! That's all I have to say on market appreciation. You don't have to read much else in the book. If you can qualify to purchase and you can find something to buy, then that's it. It is speculative buying though. In the history of Real Estate, is the overall trend of pricing going up over time? Yes but that game is better played for long-term Buy and hold properties. You refinance or sell your properties when the market is high and ensure you can cover the costs or still maintain a cash-flowing property when the market corrects.

While many Canadians have gotten quite wealthy off of Market appreciation, buying in this manner can leave you open to losing thousands of dollars and possibly even wiping out your net worth if/when the market makes a major shift. I got licensed as an agent in 2005 in Alberta. I saw a first Market correction in 2009 during the economic recession and again in 2015 when oil prices dropped significantly, causing major oil and gas companies to close their head offices in downtown Calgary and stop projects in the north of the Province. Housing demand and prices dropped significantly during both periods and quite a few investors lost money as a result.

After significant interest rate changes in 2022 some house prices in Vancouver and Toronto dropped hundreds of thousands of dollars in a matter of weeks. Throughout the years, some economists have preached doom and gloom and others preached staying the course during the same period. I'm not an economist but I've seen too many investors lose thousands, unfortunately, some of them to the point of bankruptcy to propose building a solid flipping business based solely on this passive Market appreciation.

The second type of real estate flipping I'll discuss is the one I recommend you focus on. You *purchase a property and improve it to where it assesses at more than your purchase price and the cost of repairs.* You will hear this referred to as a renovation or 'reno' flip. Buy low, rehab & sell higher. A properly executed renovation flip ensures you make money in a flat market, protects you when the market corrects, and has you win big when the market appreciates.

Always remember: There is no profitable renovation flipping business without properties you can *buy low, rehab and then sell for a profit*. You may believe that to get a deal on a house, you have to take advantage of a seller somehow, and I unfortunately hear that a lot. That's false. You can be unethical about some of the strategies I will show you here, but when you intend to do multiple deals in a specific Market, it's in your best interest to build an ethical business. You'll sleep better at night as well. You may have also heard that you can only find a deal on the MLS (multiple listing service) today with it being bid over-asking in multiple offers. With thousands of real estate agents posting their listings and even more buyers' eyes constantly looking at homes, it can be challenging, but it definitely can be done. I'll let you know how best to navigate the MLS for your deals, what to say, who to call and what to do to improve your chances of getting the deal. They're quite a few other strategies that work but be aware that they all take time, effort and sometimes a little bit of money to execute. I only implement some of them but can speak on most. Pick one to three strategies that interest you and stay on them rather than spreading yourself thin. I'll also let you know the ones I've decided to use after years in the business and why.

CHAPTER 2

WHO'S GOT THE DEALS?

To be successful in finding real estate flips you'll need to uncover which properties work for you and successfully negotiate a price that works for you.

In every case you'll need to speak to someone to get the deal. Let's identify everyone you COULD encounter in a real estate negotiation. The majority of real estate sales happen with agent assistance so for many properties transacted in Canada there are up to four parties involved in a negotiation.

- The seller/seller's representative
- The seller's agent/listing agent
- The buyer
- The buyer's agent

Just like you, when buying a property sell for a profit, remember that each is only involved because of WIIFM. (What's in it for me?)

- The seller generally wants a straightforward, simple transaction for the most amount of money possible in a time frame that works for them.

- The listing agent wants to earn a commission, have a predictable sale process, and earn new business either via referrals from the seller or sign calls.
- The buyer wants a great property at the lowest possible price with the most favourable terms.
- The buyer's agent wants to earn a commission by helping the buyer confirm the value of the property, negotiate the best possible price & terms, have a smooth sale, and earn repeat or referral business.

I strongly believe in operating on a win-win basis. As Zig Ziglar said, "You will get all you want in life if you help enough other people get what they want."

As the buyer, once you are genuinely clear on what you want, focus on getting others what they are looking for as long as it doesn't encroach on your ultimate goal. Neglecting this basic idea is the main reason why you will come across others being unresponsive, combative, or unethical when dealing with you. I already know what you're thinking. "I want a property at a low price and the seller wants to sell their property at the maximum price, plus agents want fees on top of that." Yes, yes and yes, in the upcoming chapters, we will address each of these and we'll uncover how to still get what you need.

The truth is the smaller the number of people involved in the negotiation, the fewer people you have to convince to work with you as a buyer. There can be significant benefits to using agent assistance, but there are some nuances and challenges that can arise if you're not going to a seller directly. We start by discussing how to get you in front of a seller directly. Now let's get you ready to find some properties to flip!

CHAPTER 3

PREPARE YOURSELF!

I say that not just to make it seem like this book is going to make a grand claim, I mean it literally, as in if you're serious about renovating and selling houses then it's going to be super important to prepare yourself. You're likely going to need the aid of lenders, contractors, JV partners, and agents. Ultimately, you need to convince sellers to accept your offers. The more prepared you are the better. You will present better to the sellers you come across, and the more confident you can be when you make offers. Too many times buyers make offers emotionally or try to outsmart the market. When asked why they made the offer at the specific price some will say it's because it's the only way they thought they could get the deal by overpaying, or at the other end believing that they should keep lowballing a seller to see how low they can get it. I recommend a more professional and systematic approach. It takes a bit more work, but once you put the information together, you'll have a good idea of what's going to be a REAL deal for you and what is not, quite quickly. The true benefit is you will always be able to present offers with confidence.

Step #1

Determine:

1. WHAT exactly are you going to buy
2. What are you ABLE to buy

What to buy.

If you are new to a market or new to flipping properties this may feel like a major hurdle. *Resist the immediate urge* to call agents in your area and tell them "Hi I'm an investor…. please send me your deals". What does a "deal" mean to you? And why would that agent send it to you as opposed to the other clients they may already have? A good investor-focused agent will have a series of questions for you in return. If you can't answer them, the chances of you getting much further using just that question are low.

Finding out what to buy will take a bit of research. You need to get an idea of what markets, communities, and property styles are in most demand. To get this information you can browse the internet on your own. You can and should join investment groups to be around other investors and potential mentors who can give you information relevant to your city. Look for online forums and meetups specific to your area. Engaging a few agents at this point also is a good idea however, your aim isn't to ask for deals. Right now you are gathering information on the market. However you decide to go about it, you should aim to **find monthly stats of average sale prices of homes in a community, and how long they typically take to sell**. You will need a general idea of the time frame for your city, but you are going to want to be more specific than that. You will want to log data on communities and property styles that are selling relatively quickly. The idea of a flip is to get in and get out of

a project in a reasonable amount of time, so focusing on specific property types and communities that sell fast is not a bad idea.

You also need to uncover which communities have similar-style homes that have sold where there is a large variance in price between the lowest-priced home that sold and the highest-priced home that sold within a short period. That would be evidence of a renovation flip.

Eg. A 1000 sq foot bungalow with a double detached garage in original condition sells for $350,000 and the same month a similar-sized home on a similar-sized lot, in the same community, sells for $550,000

These communities tend to be established neighbourhoods with homes that can have outdated and worn features. Usually, homes in communities that are 30 years or older are great candidates.

Throughout this text, you'll hear me allude to a few things repeatedly, WIIFM (what's in it for me), preparation, goals, & ethics.

If this is the point where you believe you'll need some assistance and do want to get some help from a realtor know this: ***An agent will assist you if they believe working with you over a period will turn into a sale.***

Picking a good Agent can be a major part of your success in finding properties to flip.

Successful agents also know that working with good clients is imperative to their business.

Most agents don't charge a retainer or bill you for their time, so try to think about what will get them to give you what you need.

I promised you at the beginning of this book I'll tell you how to get your area's Best agents to work with you and find you deals. Here it is. *Be a good client prospect!*

Wherever you are in your investment Journey, be honest with yourself and anyone you come across. If this person can help you get what you need or impart some further knowledge then keep conversations going. Educate yourself until you know you are prepared to take the next step. If anyone you speak to isn't willing or able to help, don't waste too much time. If you don't have all the answers to the investor snapshot probably discussing a little bit later just know that you aren't ready. Do what is suggested and get ready. If you are ready and the other person can't help you with your next step, move on to the next agent until you get the answers you need. In my city alone, there are thousands of real estate agents to choose from so finding another person to talk to is the easy part. Be ready when you talk to them.

Once you know the right things to say and the right questions to ask, it will become a simple process and you will control the conversation. Keep doing so until you get the answers and the help you need.

Preliminary research:

If you are a new investor, search mls.ca or realtor.ca to find homes that are 30 years older that look gorgeously updated. The fact that it's an old home with modern updates means there's a high probability that this is a flip. If it is a flip, there's a high chance that the agent helped their client find that house. You're going to want to contact a few of these agents and identify yourself. More so than that, identify yourself as a good prospect to that agent. There's no obligation that you will work with this person, but if you are looking for information, it's best to give a little something in return. All that takes is the right information.

Hi, my name is _____ and I'm looking for houses to renovate and sell. I'm just beginning the process and getting to know the market but intend to purchase within the next _____ days/wks/mths. The house you currently have listed at 123 XYZ Street, is that a flip?

Or

Hi, my name is _____ and I'm looking for a house to renovate and sell. I just finished a flip in ABC community but intend to make another purchase within the next _____ days/wks/mths. The house you currently have listed at 123 XYZ Street, is that a flip?

This way you immediately identify yourself as an investor and you get past all small talk of that agent attempting to sell you the finished listing. Don't waste your time or theirs. You have potentially thousands of people to speak to, remember? Find the right ones that can help you.

Once you do find a few agents who have listed flips remember that they already have existing clients who have completed renovation projects and are listed for sale. You may still need to do a few things before you end up on their preferred list, but you're off to a good start.

Ask the agent if they're looking for new investor buyer clients. Many agents will tell you that they'll get you on a list of foreclosures or will automatically send you properties that come up. I'll talk more about dealing with foreclosure offers in an upcoming chapter. Whether an agent is focused on investor buyers or not, they should at least be able to set up a search for specific homes and specific communities for you. Here, however, is your chance to see if that agent genuinely works with investors.

Can you tell me a few of the communities that you specialize in that would be ideal for reno flips?

How much are your existing clients budgeting for renovations today?

What is the max 'ARV' for this community?

Many agents list beautiful homes but not all of them are investor focused, meaning finding the properties pre-renovation with the intention for their client to renovate and resell. The term ARV (after repair value) is an investor term and not something that comes up with everyday buyers and sellers. There are going to be many very successful real estate agents in your market who still may not know what that term means. Not saying that they can't help you but an agent who focuses on investors hones a slightly different skill set and is prepared to do things for their clients that not all agents will or can do. I will discuss more on working with agents in subsequent chapters including how to have these top agents call you with deals before they are even listed.

Whether searching on your own, getting information from investment groups, from real estate agents or a combination of all three, determine:

The expected sale price of renovated homes.

Subtract:

The average cost of these renovations

How long do these renovations take

Expected holding costs

Agent fees and closing costs

How much you would like to make as a net profit at a minimum?

The number you were left with is the MOST you should pay for a property in that community. Many times that number is below market value. Keep repeating this exercise with communities, property styles and price points until you find communities with homes in a price range that yield the net profit you want, for the amount of work needed and money invested.

How much are you prepared to spend?

Now that you have researched which homes and communities will work for you as a flip your next priority will be confirming you have the money.

Be certain of how much money you have access to for purchase, holding costs and renovations. As soon as you have narrowed in on your target communities confirm you have the funds to successfully execute a project. If you decide to first offer on a property that MAY work as a flip and THEN get your money together, you're handicapping yourself before you even begin. Without knowing how much capital you have access to, you aren't going to be able to determine how much money you can expect to earn. When a great deal shows up you need to be able to act fast and decisively. You are up against other investors in your Market, many of who are prepared to buy in cash. Yes, cash. Does that mean you have to have tons of cash before this book can be put into practice? No. But you should have a very good idea of how much you need for your project and have access to the money quickly. Do your homework in advance.

If your analysis proves that it's going to require more money than you're comfortable spending, then continue your research to find communities and opportunities that can work for your budget.

Depending on the property and where you find it, you will have time for due diligence but my general caution is: physically looking at properties, making offers on them, putting them under contract, THEN trying to find out if you can secure all the funds necessary can be a massive outlay of time, and not good for you in the long run. More times than you might expect, a seller is left waiting for weeks to hear if a buyer is taking the deal, and the agent/s question if the deal is going to close. Should it have gone to another buyer who may have paid less, but was able to guarantee to close on time? If you go down the path of wasting other people's time, a lot of the strategies you learn here will stop working well for you and you will get frustrated.

How much is the minimum you're comfortable taking on this project for it to be viable? When investing, think like an investor. Many investors Target 10% of the after-repair value as a NET profit but your tolerance/ goals can be higher or lower. At the very least get the projection down on paper to help you narrow in on the perfect properties that work for you.

Do you have all the funds you are budgeting for the project readily available? Are you using all cash, lines of credit, a mortgage or hard money?

Is financing solely your responsibility or do you have a JV partner?

Complete the *investor snapshot provided* below! Be prepared and you'll separate yourself from scores of other want-to-be investors and those that are flying by the seat of their pants. If you aren't able to fill in all the areas, read on in the book to uncover what to do then come back and fill them in. This one page can be the key to you getting access to all the properties you'll ever need to flip. You should review this and update it as you

continue to take on projects in your real estate investing career.

Investor Snapshot

1. **How much money do *I have* to spend on potential purchase costs, renovation and holding costs?** (Determine that number from cash I have access to, lines of credit etc. This number has nothing to do with the cost of houses. It's just me taking inventory of how much money I am currently working with. If the number is zero, then I am going to have to find a money partner or joint venture of some sort.) My Money $_____

2. If I don't believe I have enough to purchase a desirable property outright in my market **do I have a lender that can get me 'purchase funds' in 7 days or less?**

   a. Who is my lender/partner? _____

   b. Do I have an approval letter from them in writing or a statement from a bank account showing the funds available? Y/N

   c. How much money do I have access to? $_____

   d. How much is the money going to cost me over the project? $_____

3. **What style of property am I hoping to flip?**

   _____

4. **What communities am I focusing on?**

   _____

5. **What is the after-repair value of these style homes?** $_____

6. Am I looking to do simple cosmetic flips, mid-level renovations, or full renovations?

_____

7. **What is *the minimum* amount of NET profit I hope to make on each flip?** (Any number less than this and I'll pass on the opportunity **$**_____

CHAPTER 4

ARE THEY "MOTIVATED"?

WHAT to say is going to be important to you in successfully negotiating the price of a house, but it's never going to be as important as finding the right person to say it to.

No matter what I tell you to say, *if there's no compelling reason for that seller to accept your offer, it's just not going to happen.* If I offered to buy a house today at $100,000 less than market value, there's nothing I say to *convince* the seller to do it. I don't lie to little old ladies about the value of their house and run away with their equity. What I do however, is look to make the offer to someone who is willing to accept my price and understands why I'm making that offer. If the offer doesn't work for them, we look to see if there is some other win-win solution that can be found. Maybe they offer the house to me on terms rather than all-cash, or I help place a buyer directly. If not, the deal won't happen today. Simple.

Regardless of where you find a property to flip, the most important things will be both uncovering properties that work, and working with sellers that are motivated enough to sell you the home at the price you need. You won't always need a severe discount but many times you will. Accept that **not everyone is willing to offer**

you their house at the price you hope. Understand what a motivated seller is and use this knowledge to find and work with the right type of seller.

A "Motivated Seller" can be ANY of the following:

1. Someone whose #1 priority is getting their home sold quickly.
2. Someone who prefers to sell privately/discreetly.
3. Someone whose 'need' to sell their home is more important than price.

This 'motivated seller' is generally realistic on price and can even be open to selling for less than market value, or to offering 'terms'

Types of sellers motivated to sell:

- Owners of rundown properties that are too expensive to fix
- A seller who prefers to maintain their privacy rather than publicly list their house for neighbours or passes by to inquire about the sign.
- Out-of-town landlords
- Landlords with problem tenants
- Owners in financial distress who need a quick solution
- Owners in financial distress who want discretion about their sale
- Sellers who have to leave town quickly
- Owners with enough equity that are just looking for 'ease of sale'

- Estates where the beneficiaries are out of town

These people all can view their property as a burden and want help, and you can be in the business of helping them. Once you come across someone in the above situations unfortunately it may also be easy for them to be taken advantage of. Be ethical about how you work with sellers. You want a deal. Uncover what it is they truly want and help them get that! If you can solve that problem and get the deal done at the price that works for you, that’s a win-win.

You have determined what you want and how much you can pay, You can and should hold your ground in your negotiation. Eliminate homes that don’t work and avoid non-motivated sellers

CHAPTER 5

WHERE TO FIND FLIP PROPERTIES

You filled out the one-page investor snapshot, right? Great! Now that you can present yourself as a solid buyer prospect, let's dig into the strategies to find homes that would be ideal to renovate and resell.

(Most straightforward to tricky)

The first place you may think to look is the MLS or multiple listing service. There is no doubt you will find the majority of homes for sale in Canada there, however, there are enough things you'll need to keep in mind with using the MLS effectively that I've left that chapter for last.

When it comes to successfully finding properties that work for you to invest in, you want to find motivated sellers before any major competition shows up. You will want to deal with the seller directly as often as possible. The fewer people involved in a negotiation, the fewer people you have to worry about satisfying to get what you want.

You want to be as cost-effective as possible. Keeping all that in mind let's go through where you can be the most effective investor buyer in Canada today.

FSBO websites

Fsbo stands for "for sale by owner". This is where an owner has listed a home for sale but usually doesn't want agent assistance. They may believe the fees are too high or given prior experience and market conditions, believe that they can sell the home successfully on their own. A web search of the term "FSBO" followed by your city name will give you a list of websites to review and bookmark. Confirm which ones are actually for sale by the owner. Some may be real estate agents who are offering an inexpensive listing service to get onto the MLS. You can skip those for now. Look for genuine FSBO sites and search for homes in the communities you've picked that are priced well and you can present directly to the seller.

Pros

- FSBO sites are free to browse
- You will likely be dealing with the seller directly. You will be able to get a lot of the motivation questions answered by speaking with a seller directly
- There isn't a listing agent as an advisor to help protect the seller's interest or negotiate on their behalf.
- The seller may be unaware of the true value of their property.
- The FSBO site may not be getting as much traffic as the seller would like and so they could be open to a deeper discount if it's been on the market for a while.

- This may be a problem property to the owner and they've just put it up in the hopes that anyone can buy the home from them.
- You may be able to negotiate creative terms such as seller financing

Cons

- The seller could be attempting to sell privately as they don't have enough equity to cover agent fees. They may be motivated but given the debt on the property, they may not be prepared to offer a discount if that's what you will need to close the deal.
- The seller could be attempting to sell the property for significantly more than market value. If you haven't done your analysis, you could be buying a property where you can't recoup your investment once your renovation is done.
- The seller may be convinced that their asking price is fair even if you present them with clear evidence that it is well over market value.
- Many other investors search FSBO sites as well so you could be one of many who have been calling on the house. If the numbers require a deep discount and only investors have been calling willing to present low offers, be prepared for a seller who may be a bit unfriendly to you.
- There's no guarantee that the seller has accurately represented their property. They aren't licensed individuals so don't have a fiduciary duty to other members of the public. Buying from a seller directly will be a case of buyer beware. Do your due diligence.
- At least one of you should be confident in putting together a purchase contract. Good FSBO websites

should give direction on writing up and presenting offers, but if both the buyer and the seller are questionable on any terms or conditions, it could complicate the paperwork and stall the deal.

- You may have to search multiple sites to look for deals. Because each is independently owned and none are usually synced, you could be going through multiple sites and reviewing the same homes multiple times which can be time-consuming.

Door Knocking

You have written down the communities that offer the best results for a renovation flip, so now you'll drive around each of those neighbourhoods to find homes where you can buy from the seller directly.

Again you'll see the power of being prepared here as you won't be wasting time driving through every single community in your city looking for a deal. You know what you're looking for and you know what price you are prepared to pay for it. Your research has shown that these opportunities do exist in the community you have selected. You have done the preliminary work so now all left to do is find one of these homes that work for you.

You are on the lookout for homes that appear to need some TLC. Any homes where there may be indicators that the seller may be willing to sell. Derelict houses. Homes that lack curb appeal, or are in obvious need of repair. When you encounter people in the neighbourhood, be friendly and see if they can help you in your search.

There are many schools of thought and scripts you can use when door-knocking. It is not my preferred method, but when I do speak to someone I am aware that many people may not be interested, and secondly aren't going

to be too forthcoming with information. That doesn't mean I don't expect to find a home, it's just I'm realistic in my expectations when knocking on someone's door. Eg. When I come across a resident or someone walking in the neighbourhood, I will say:

"Hi my name is _____ and I'm looking to buy a house in this neighbourhood that I can renovate. This may not be for you but do you know of anyone in the community who has a house that needs repairs & needs to sell?"

You're likely a stranger in the neighbourhood who may have interrupted someone mowing the lawn, cooking dinner, or spending time with their family. You want to be quick and to the point about what you're doing, & of course want to be pleasant about it.

You can also very quickly put someone at ease when you frame a situation by saying you need "help".

If they've been in the community long they might just point you in the direction of a house that has been an eyesore or may be able to tell you about a friend or family member who does need help with a discreet sale. On the occasion, if it is them that need help, you might be able to just continue your conversation and present them with an offer.

If not, you can thank them for their time, leave your business card and ask them to contact you via phone or your website if something ever does come up.

Again remember Wii FM and have something to offer if you're deciding to farm a neighbourhood. As a licensed agent, there are restrictions on what I can offer the general public for their help, but if you are unlicensed and decide you want to pay someone a finder's fee, just check with your lawyer to confirm you're not breaking

any rules. If you are licensed like me then a simple offering of keeping the homeowner up to date with home values in their community is also a popular option, or even inviting them to an "open house" to see the renovation once you do find a house in the community.

Door knocking is a numbers game. I know the chances of somebody wanting to sell the day I show up is low. I know the chances of them wanting to sell for the price that makes sense to me is even lower. I don't hide that fact. That way I don't waste anyone's time, insult anyone about their property by offering lowball offers, or get into combative negotiations.

If you are going to be door-knocking, realize that to be effective you will likely be coming back to the neighbourhood regularly so make it easy for people to talk to you when they see you. Make a good impression so that whenever an opportunity arises, that person thinks of you.

Have a professional business card with a link to your website where anyone who wants to search for you can find you. Have a phone number where you can easily be reached in case a few days, weeks, or months later that person does come across an opportunity for you.

PROS

Very inexpensive. You'll only need professional business cards and a website.

You'll find homes that no one else has access to

By physically visiting neighbourhoods you'll get to know them very well and have an idea of which streets have the best chance of turning a profit.

Speaking with people in the community can turn into people who refer business to you.

Sellers have a chance to know, like, and trust you making it easier to decide to work with you.

Once you successfully renovate homes in the neighbourhood, you'll build a positive reputation & help to raise property values.

CONS

It can be quite time-consuming to obtain a low number of qualified leads

Not everyone is going to be friendly to you, especially if you say the wrong things

If you've upset any of the neighbours with low offers, the word can get around easily, making future negotiations harder.

As property values continue to rise over time, sellers are more likely to demand more for their homes.

Bandit signs

While some investors may enjoy getting to know a community by walking around and talking to people, you can't be in the community all the time. If, however, you had a sign up to let people in the community know what you are offering, they could see it and contact you.

Think of when you drive through a community and see a poster board or small sign stuck in the ground for a garage sale. There's nothing expensive to these signs but depending on where you put them, and what you write they do work. Municipal bylaws generally discourage you from putting them up though. There Is a good chance that if you do put them up, someone will call you from the city to complain. You have left your phone number on the sign after all.

Pros

Inexpensive

Can be seen repeatedly by a lot of people in the community

Can be put up quickly in high-traffic areas

Cons

Generally frowned upon by municipalities

Can blow away or be vandalized shortly after they are put up

Not necessarily the most legible.

Hard for someone to contact you while driving. You would likely have to give an easy-to-remember number or website so they can follow up once stopped.

If you do have an advertising budget of at least a few hundred dollars per month, rather than a bandit sign, you might want to look into a community board or a paid advertising space. Agents do this all the time with bus benches and digital boards. If you don't want to go that far you can have a professional sign board made that you put out temporarily while you're in the community, much like an agent's open house sign. You can leave a few of them out in the high-traffic areas while you are door-knocking and pick them up when you leave the community.

Direct Mail

I like to think of this as the door-knocking strategy without you physically having to show up. You've probably seen a postcard in your mailbox or stuck in your door that looks like a handwritten note saying that somebody

wants to buy your house. As wholesaling real estate has become more and more popular across Canada, this has become quite popular when looking for homes to put under contract.

Some are written on ugly yellow paper while others could be high gloss postcards and professionally done. There's a science to both and depending on who you talk to and which community you use them in, they work. You're looking to get the attention of a potential seller with what you offer, so make sure your copy is compelling. Ensure your number and/or website are posted legibly. The goal of the direct mail is to get the seller to contact you.

Canada Post, as well as some other marketing companies across Canada, will allow you to design a campaign based on specific postal codes. You'll determine the postal codes for the community you want to Target then whichever company you choose will have Flyers printed and delivered. You can repeat the campaign with new creative every few months depending on your budget and how many homes you're looking to obtain. Get in the habit of tracking the number of responses you get per number of Flyers sent out. From that number track how many of the responses you can convert into purchases. This strategy can add up in costs quickly so calculate your return on investment to ensure that this one is working well for you if you're going to implement it.

PROS

Massive Time savings on door knocking.

You can reach thousands of houses with a single campaign.

Ability to leave your message at all homes in the area rather than waiting on someone to be home to have a conversation with.

Easy to repeat the process

Can Target the very specific areas

Interested sellers identify themselves by contacting you directly rather than you “cold calling” them.

CONS

Can be expensive to print and deliver depending on how many homes you wish to Target and how often you implement it.

No guarantee that the homeowner will review the flyer.

Many homeowners will consider this junk mail once you keep the campaign ongoing.

May need to run multiple campaigns before some sellers even take action.

Posting to social media

On your social media profiles, you can post repeatedly that you’re looking for deals. With the amount of time people are spending on social media today and using search engines, it’s not a bad idea to get your message in front of them. The biggest ones of all, Facebook, Instagram, and YouTube each have millions of daily users. You can make a text, picture, or video post similar to your direct mail message. Social media attention span tends to be short so Ensure your post grabs someone’s attention right away. If you are in the right area where your ideal type of seller hangs out, for better still have cultivated a solid following of ideal customers then you’ll be able to engage in multiple conversations. They can

reach out to you via each application's messaging platform and you can take the conversation online.

Pros

Social media platforms are free for you to create a profile and post information.

You can search out groups and pages where your ideal seller may hang out and attempt to engage them online about their home.

Many times you will be dealing with the seller directly in a negotiation

You can change your marketing message as easily as you edit an online post.

Posting with the right keywords or hashtags can expand your reach for free

Cons

You're limited by how many followers or subscribers you have on that particular social media channel. And still, not everyone you're connected to will see your content.

The best practice will still be to make repeated posts over time.

It will take time for you to research and find out where potential sellers in your city hang out online.

Depending on the page or group that you've joined, there may be restrictions on what you can post there. Some moderators don't allow advertising to their groups.

Online advertising

Think of this strategy much like direct mail except there is no physical print. You will be purchasing advertising

via internet search engines and social media platforms to get in front of significantly more people than just posting online.

You'll be building a small classified ad, mini flyer or video to interest someone in contacting your service to buy their house from them. If it's the social media platforms, the same post that you have used can be turned into an ad. For search engines, it'll be a small classified ad that shows up anytime someone searches for a relevant key term like, how to sell my house quickly. While you can have success by simply posting that you are looking to buy a house on your social media channels, unless you have a very large following, the most effective way to find properties online will be to use advertising that targets potential sellers. Keywords such as we buy houses, sell your house fast, or sell your house as is, should be used. If the advertising platform you are using allows you to Target specific regions, cities, postal codes or communities, then that platform is worth looking into. In recent years this has become so popular that restrictions have been put on how specific you can Target your advertising. There's always been concern about just how much information social media platforms have been collecting on people but when it comes to uncovering a motivated seller, your job will be to use this data to your advantage whenever possible. For the billions of people online across the world using social media services for free, the platforms make their money by selling various levels of access to advertisers.

If the idea of spending a bunch of time learning more about online advertising isn't appealing or you don't want to go through the process of learning how to do it effectively yourself, you'll need to hire a marketing person or agency. Preferably one that understands what Real Estate investors are looking for. An online search for "real estate investor advertising agency" will lead you in

the right direction. A good agency will set up all of the creative for you and will have a good understanding of the restrictions of any of the social media platforms they specialize in. They typically charge you a monthly fee between a few hundred to a couple thousand dollars to manage your campaigns plus the cost of whatever advertising you were doing per platform. Interview a few to decide which ones are best to hire for your needs. If you don't yet have the budget for that, or prefer to understand and implement online advertising yourself, look for social media marketing courses, books, and content to increase your knowledge. I started with attempting to understand Facebook, Instagram, YouTube and search engine advertising by studying each platform and spent thousands of dollars on testing ad campaigns and advertising plus took optimization courses. The problem is the reach and restrictions happening on each of these platforms change so much that it can easily become a full-time job just staying up on how to run campaigns effectively. There's no escaping it, online advertising will cost you time and money. You can do what I did but to find a property to flip quickly, look into the simplest way to get your 'We Buy Houses' ad on to the platform with some money to drive traffic to it.

Pros

Get in front of as many people as your budget will allow. You can arguably reach the entire population of your city with the click of a button. Once you select the right platform and campaign, this can be highly effective for you.

Most of the bigger platforms make it easy for you to create an ad or boost a post. Follow their guidelines for housing advertising and you can get started.

Cons

This can get expensive very quickly.

You can create an ad that hasn't been optimized to the right target audience and end up wasting money showing your ad to people who are not interested in contacting you. Eg. If you run an ad for someone to sell you their house and it was seen mainly by renters, you'd end up spending all of your money and everyone who sees it has nothing to sell.

You can be running an ineffective ad. You'll end up wasting your money even if you are in front of the right type of seller, if the ad isn't compelling they won't contact you.

Restrictions on advertising for housing on social media platforms change regularly.

The strategies above are if you hope to generate leads yourself. The following strategies much like hiring an agency to run your advertising, have people find the leads for you.

Wholesalers

Over the last few years this has become quite popular. While it does take a real estate license in Canada to trade in real estate AKA find a seller who wants to sell a property, then advertise that property to potential buyers and earn a commission for the sale; it is legal for an unlicensed person to buy a property, or at least put it under contract, then sell their *contract* to another interested buyer. This is the mechanism for wholesaling. Someone finds a property and negotiates the price low enough that works for an investor then puts it under contract. They can either close on it themselves and buy the property, or they can assign that contract to another buyer for a fee. Be aware. Many real estate agents will frown on this practice because they either see people doing it incorrectly or just don't like the idea of someone unlicensed selling an interest in a property. Some may go as far to *tell*

you that this is illegal in Canada. I told you I'm not going to sugarcoat any of the information given here. I'm just going to tell you what's available to you and what you're going to come across. At the time of me writing this, I can tell you they are wrong. **It is legal.** When looking for properties that work for real estate investors to renovate and flip, If an unlicensed person has one under contract and is willing to sell you that contract, as long as the purchase price of the house plus their fee still allows you to make a profit on the house I would suggest you do the deal. Hire a very good real estate lawyer as this is not how *standard* real estate sales take place but, yes, this is legal to do.

Make an online search of "We Buy houses" in your city and see which companies come up. These people have taken the time to build websites and go through the process of effectively advertising online. Some will be buying to flip, but many others will be willing to wholesale any of their contracts to you. Contact them and see if they have a list that you can get on to be contacted when they have a home under contract.

This again is a case of buyer beware as there are many things I can go wrong when attempting to buy interest in a property from an unlicensed person. Do your due diligence and confirm all the necessary information including the size and condition of the house plus an accurate after repair value before you proceed. Confirm that they have a written contract in place and that the seller is aware that the home is being passed to another investor, AKA you. A word of warning. I regularly see it where the person you're buying the contract from has misrepresented to the seller what they are attempting to do and the seller gets upset at the fact that someone wants to make thousands of dollars on selling their house without ever buying it. This can get messy very quickly, people can feel taken advantage of, lawyers can get involved and

ultimately deals can't collapse. Check the reputation of anyone attempting to wholesale a property to you. Get in the habit of building an ethical business yourself and working with ethical people. There are wholesalers in Canada making a great living providing homes to investors while getting a seller a fair price on their house. Find the ones that operate in your city and get on the list. Before the rise in popularity of wholesaling, finding off Market properties would mean contacting a realtor to find one of their pocket listings that worked for you. A pocket listing is a seller who for one reason or another is interested in selling but is told by their agent that they did not want to be listed publicly. Many Realtors don't work primarily with investors so In the following chapters I'll dive more into dealing with Realtors, what to say to them and ultimately how to get the top realtors calling you with their best deals.

Pros

Wholesalers have taken the time to find properties for you

They only work with investors so have a general idea of what it is you're looking for

As they are generally unlicensed they'll be bringing you properties that are not posted on the MLS

Cons

As unlicensed individuals they may be breaking the law in how they transact when attempting to sell a house to you without a valid contract in place.

Many times wholesalers represent themselves to a seller that they are going to buy a property and then turn around and sell the contract for thousands of dollars more to an investor. If the owner finds out about it and

was not informed that was their intention the owner will feel slighted and will try to stop the sale.

A wholesaler makes their money by selling their interest in the contract. They may be over representing the current value or after repair value of a property in hopes that you pay them more for the contract.

The MLS (Multiple Listing Service)

Here I'll show you how to become super effective at using the MLS (multiple listing service) and, better still, get top Realtors to call you with their best deals. This is the easiest place to start as this is where you will find the most homes for sale but I have left this section for last as there is a lot to cover to use the MLS and work with Realtors effectively.

If this is the first section of the book that you have flipped to, I highly suggest you **first refer to Chapter 4: "Prepare Yourself"** and have the *investor snapshot* completed before moving on. There are thousands of homes listed here and hundreds of agents you will likely have to navigate. Know how you should present yourself, what to do, and say to get you the best outcomes.

For homes posted on the multiple listing service, the seller has already decided to sell and has engaged an agent to get it listed for sale. You just need to find a property that works for you, get an agreement on price and terms, and scoop it before any other investor does! In Canada this website is www.realtor.ca. This is the official website that Realtors use across the country, but there are also many others that amalgamate the data. Each city or real estate board allows agents to post all the listings of their area through each agent's website. If you decide to work with an agent or have found an agent's website that is easy to navigate, you can narrow your search to all the homes in your city as opposed to going through

all of the listings across Canada via the main site. While it may be the best place to see homes for sale, it comes with its own set of challenges for investors.

PROs

1. Free to use
2. Each city will have its real estate board, each board has its brokerages, and each brokerage has its agents. All of these feed the 'multiple listing service'. Add that all up and you have **thousands of homes to look at all in one place** when visiting a realtor site.
3. The great news also is that licensed agents have a fiduciary duty to the public and to their clients to represent properties correctly. You'll be able to find out the size, age, condition, number of days it's been up for sale, similar homes for sale in the area, and of course price.
4. You can also narrow down their search to look for properties in a specific area, style or price point.
5. Since each listing agent has spent a certain amount of money to maintain their license and get access to put the listing up for sale, they also generally have done some homework to post it at a price they believe it will sell for (aka market value).
6. If you engage an agent to work with you, you can get access to lists and notifications about properties not available on the public site as well. Example final sale prices, foreclosure lists, number of times the house has been bought and sold, additional private comments that may only be shared between agents, etc.
7. Some real estate boards will delay a listing being posted to the public for a few hours and give

notification to agents first so they can give their clients priority on what has just come up for sale.

Cons

1. There are a lot of homes to review. Finding what you need when you need it can be time consuming & overwhelming if you don't know what you are looking for.

2. The majority of homes are listed significantly above a price that would work for an investor

3. Competition is high. Because of its ease of access and having the most reliable information, lots of other buyers will be using the system as well.

4. When a deal does come up, you need to act fast or it will likely be gone.

5. The listing agent's duty to their client is to get them the most amount of money in the shortest period of time. If the property you're looking at needs a severe discount off the asking price to make it work for you, you have a low chance of getting your offer accepted.

6. There are fees involved with properties sold using agents. The seller is usually responsible for those fees but make no mistake they are tacked on to the price of the home and you as the buyer paying in the end. For example, if in Alberta a seller needs $400,000 net from the sale of a house with no mortgage, that home generally has to sell around $417,350 for them to keep $400k after paying fees and sales taxes.

7. Sellers interests and motivations are protected by their agent. When calling on properties you'll be speaking with the agent directly and generally have no contact with the seller.

How to use the MLS effectively.

You should now have a good idea of the communities that you want to pursue, have a rough calculation of what your scope of renovation would take, have secured the funds to purchase and do the rental or at least gotten a commitment for someone to loan you the money. You know how much of a profit you're hoping to make per project so you can determine what is the most you're willing to pay for a house in those communities.

You can setup searches via the Realtor website of your choice looking for just those criteria. Find the homes that come up that are no more than 5 to 10% of your target purchase price and either call the listing agents to arrange a showing or look to find yourself a dedicated buyer's agent to book the showings for you.

Using a buyer's agent.

The benefit of having a buyer's agent work for you is they can aid you in the search, set up all the searches on your behalf, give you relevant information to help you negotiate, draft the documentation, explain any terms and of course present offers. A buyer's agent that works for you doesn't have any obligations to the seller so there's no conflict of interest. Many buyers agents generally earn their commissions only once they've helped successfully negotiate on a house. That means you get their assistance and expertise with no upfront costs. Most times Their fee is going to be built into the price of the home so whatever price you negotiate on the house is the only thing you as the buyer have to pay to have them work with you. I recommend going through the process of finding a good agent to help you, but you definitely can do this without agent assistance.

Negotiation and Presenting offers:
In balanced markets it is regularly possible to negotiate between 3 to 5% off of list price using a knowledgeable agent. Negotiating down 10% or more will take a bit more effort, but for the right circumstance it is possible. Just don't expect it on every house. You're going to need to keep making offers in the communities that you have selected, on prices that work for you.

When you do come across a property that works, ***calling or texting the agent to ask if their seller will take your lowball offer usually will not get you very far***. I know if you *call* my office or any of my colleagues asking if a client would be open to taking $400,000 on a $500,000 list price the immediate answer will not be something you wanted to hear.

In Canada *you have not made a valid offer to purchase real estate unless it is in writing*. Licensed real estate agents also have a fiduciary duty to present all written offers to their sellers promptly. What that means for you is if your numbers are $400,000 on a $500,000 listing, once you put it in writing that agent does have to discuss it with their seller. If the listing agent says they're not willing to present such a low offer, you can contact their office and ask to speak to their broker to ensure that it does happen. A skilled buyer's agent will also be able to facilitate the nuances of getting a low offer presented for you.

Use a contract specific to your city or Province that outlines the address of the property, the legally competent parties involved in the contract, the offer price, any terms or conditions, requested possession date, and a signature.

If you don't have a copy of a valid contract or are uncertain with filling out any terms or conditions, you'll need to involve an agent.

Determine all the properties that fit your criteria that are available for sale. Once you've had a chance to view them and verify your analysis determines which ones you're preferred to put an offer in on. Here again is where your preparation will shine through and any seller or agents you come across will immediately understand that you are a serious investor. You have run your numbers on this type of property, you're prepared to close quickly if you can get the property at your price, and have taken the previous steps outlined to let that realtor know you are a qualified buyer prospect.

If you choose to call the listing agents directly:

Hello my name is_____, and I'm interested in presenting a formal offer to your seller of 1 2 3 XYZ Street. I'm not represented by another agent, so you keep the commission if the seller accepts the offer. Can you or someone from your office prepare the relevant documents for me to sign? Great! I would like to present a cash/short condition term offer, and I will deliver $ _____as a deposit. These are the items/appliances I'd like left with the property _____. Please put the possession date as _____ and my offer price is $_____.

If your offer happens to be tens of thousands of dollars off of the asking price, especially if the house just came to Market get in the habit of re-establishing that you are a serious buyer right away as previously discussed when you first met them.

Tell the agent. "Please let me know where I can forward a copy of my proof of funds / pre-approval letter."

A listing agent again has a duty to their seller to present all written offers to them. Get your offer signed, either in person or digitally and follow up to find out how your offer was received.

You are not going to convince every seller to take your offer. For homes that are priced too high or sellers that are not motivated enough to give you the discount you need you'll strike out. For homes that are priced competitively, you will find yourself up against other buyers and investors and generally end up in multiple offer situations. The buyer will end up going with the home that offers the best price and terms to them. No, you're not going to get every offer accepted, but the more you present on homes that fit your criteria promptly and the more you can present yourself as a serious investor, the more chances you'll get to present and ultimately you will start having your offers accepted.

Tip: Homes that are good candidates for Real Estate investors tend to sell quickly, and many times end up receiving multiple offers so if you aren't searching the MLS All Day to get to these in a timely fashion, working with a competent buyers agent is a good idea. At least get yourself on some sort of auto search for your criteria. I'll show you the best practices next.

Have Agents Call You First!

Earlier I told you to engage some Realtors to find out which ones were investor focused. You have done the *investor snapshot* and can show you are a good buyer prospect, so getting the good agents to work with you becomes easy. This is also where you can ask them to start sending you homes that work as flips. This next step will weed out the agents further and narrow down to the ones who will be the best assistance to you. You'll do this by first *telling them what they need to hear* and *seeing if they can get you what you need*.

Hi this is_____ again. When last we spoke you said you were willing to take on new investor clients. Is that still the case? Great!

I'm looking to buy a home within the next 30 days to renovate and flip. As you said you worked in these areas I would like to focus on _____, _____& _____ communities. Do you have anything coming up, or are you actively searching in these communities today?

I am prepared to buy in cash/short financing condition period

I'm looking to do minimal/cosmetic/full renovations so the max I can budget to purchase a house is $_____

What you've done without the agent having to ask is answered all of their pre-qualification questions. By also telling them the maximum price you're willing to pay it should also stop them from sending you anything overpriced. Now be aware that the agent still has no real reason or motivation to send you a deal. The truth is most times the number that you just gave them is tens of thousands of dollars less than what they would earn a seller if they put it on the market. This next step allows you to dig a bit further to see if you should be working with this agent. You have to remember to appeal to WiiFM.

I'm prepared to pay a full commission to you if you can bring me a property *before* it comes to Market at that price.

I'm not working with anyone exclusively so *I'll also use your services to list the property* when my renovation is done.

or

I'm not working with an agent so if you bring me a "pocket listing" at that price you won't have to split your commission. I'll also use your services to list the property once my renovation is done.

Here's why these can be the most powerful lines you're ever going to use with a realtor. Agents hear all the time that the general public thinks that they're overpaid for what they do. What value you've personally gotten from an agent in the past is debatable, but when it comes to real estate for investment, make no mistake, *everybody's out to make money*.

If you call an agent and tell them you're willing to pay for their services, you're going to have their attention.

You calculated your purchase price by factoring in their fees as well as your expected net profit so if that agent can deliver the house at the price you need the decision should be easy. You get the house at the price you calculated, the seller gets their house sold at a price that they have deemed *fair to them*, and the agent earns their commission.

How much of a commission? If that agent brings you a house listed on the MLS, they will earn one commission. Once your renovation is complete and you decide to put it back to Market, they'll earn a second commission. *You are worth twice as much to them now as the average buyer.*

If an agent brings you a pocket listing and doesn't have to share the sale commission with another agent, they are immediately earning double what they would if the house were sold through the MLS. If again you decide to renovate the property and use them to list it they'll earn yet another commission. *You are now worth three times more to them than if they just listed the property on the MLS.*

When people ask me why I've dedicated my time to working with investors there's the reason. My clients are my partners. I earn a good living by helping them profit in real estate.

With that kind of earning potential you see how becoming a quality buyer prospect can have the right agents jumping to work with you.

The unfortunate truth is that while many agents would like to get you what you need, still not everyone can or will. Some agents are going to think you're crazy on your price. Note: most agents have built their business on getting their clients, the sellers, the most amount of money for their property in the shortest period of time. This is absolutely what they signed up to do as the seller's agent. *Their duty is to their client*. When you decide to sell your property you don't want your agent convincing you to take low ball offers, do you?

Other agents you are hoping to work with are not going to factor in the *true costs* of investing in a flip real estate project. They are either unaware or just simply see you as a means to a commission. These may try to convince you that a house can work even after you've told them your number is tens of thousands of dollars less than they are presenting it to you at. The lure of money is real on all sides. Doing your due diligence on your purchase numbers well in advance as well as finding an agent who truly is prepared to work in your best interests are equally important.

Understand that when engaging agents you are also going to get a lot more nos than yeses to your requests. However, If you have confirmed your numbers, are searching in communities where there are successful flips, are fairly accurate on your renovation budget, fees, financing and holding costs, have come to a number that yields a reasonable profit, and the agent has no way of getting your house at your price; that's either the wrong agent for you OR you skipped a few steps in showing them you are a good buyer prospect. Keep going through the list of agents you have narrowed down for that

community until you find a few that aren't put off by what you're asking.

Some agents may want you to sign an *exclusive agreement* with them before they decide to work with you. When you understand that the buyer's agent is being asked to work for weeks, sometimes months to get you what you need and can only get paid once a sale happens, it makes sense. Not everyone is willing to go to work without a guaranteed paycheck. I'm sure many people reading this book aren't, but that's the life of a buyer's agent. Even with that, if you decide to work with a buyer's agent you still may not want to sign an exclusive buyers agreement with them. *As an investor, it's going to be better for you to have as many agents as possible out searching for homes for you.* Have a candid discussion with whichever agent you are deciding to work with and set out your terms well in advance. You don't want to be misled. Don't mislead others either. Unless your strategy is solely having one agent search the MLS, ask for a non-exclusive agreement. This way the agent is assured they will receive compensation for their work and you can still engage other agents.

Once you are a buyer who has the ability to buy and sell multiple houses per year, and will buy the right home from whichever agent brings it to you, agents will beat a path to your door.

An ace in your pocket would be finding a dedicated buyer's agent who just puts offers in on your behalf. These agents are even more rare to come across as what you're asking them to do is commit their time putting in mostly low offers to homes listed on the MLS, then negotiating with other Sellers and agents on your behalf. If they're operating under the traditional buyer's agent model, you're asking them to do this for no upfront fee and no guarantee of earning a commission. Some of

these agents may charge a retainer and I would expect insist on a more exclusive relationship with you. When you do find one of these agents, keep them close and build a solid business alongside them.

Lastly, if finding flips is going to become a business for you and you can't seem to find an agent in your city to work the way you need, then consider taking the real estate license and become your own best source for real estate deals on the MLS.

CHAPTER 6

FORECLOSURES IN CANADA

Like many other Canadian investors I started my real estate learning by reviewing courseware, websites, blogs, and programs that were based in the US. Many of the states' foreclosure laws are considerably different from the ones we have here in Canada. I'm not a real estate lawyer so I won't try to explain too much about the differences between Canadian and American foreclosure processes, but we can define what a foreclosure is and then let you know how best to go about buying one in Canada.

A foreclosure happens when a homeowner has either defaulted on payments or has violated some other terms of their mortgage loan. The lender requires their loan amount back and will either force the property to be sold or take the property from the homeowner to sell it and recoup the funds owed.

Unlike in the US, don't go looking into things like tax deed sales, or short sales as someone in America looks at them. **Canadian lenders aren't allowed to sell your house out from underneath you take all your equity.** If you haven't made your payments and have defaulted on your loan, the banks are entitled to their money owed plus reasonable expenses, but no more. If the home

is foreclosed on and then sold, the bank takes what's owed to them and if there is any equity left, that goes to the homeowner. The homeowner's credit is severely impacted and they are likely unable to qualify for another mortgage for years, but if there's equity in the property it stays with them after it's sold. Some of the stories I hear about how foreclosures are handled South of the border really can do a number on homeowners.

Going through a foreclosure is never great as a seller, but I see the process as still quite civil and equitable to homeowners in Canada. As an investor are there deals to be found on foreclosures? Yes. Is every foreclosure that's posted therefore a deal? No! Can you buy a property in Canada for say, just the amount of taxes owed to the municipality? I don't think so.

So what exactly should you be looking for when interested in foreclosures? Look for properties listed as either bank owned or with a court order to sell for the lender to get their funds back. The important things here are always, is this a 'motivated seller', and is the house a good deal for me? Each Province is likely to have different terms that you'll need to familiarize yourself with. In British Columbia, Alberta, Manitoba, Saskatchewan, Quebec, and Nova Scotia, they are referred to as judicial foreclosures, or court ordered sales. In Ontario, New Brunswick, Newfoundland and Labrador, and Prince Edward Island the process is referred to as a 'power of sale'

If a seller has received a court order to sell their property, it would be because they can't pay someone money that is owed (not always the banks) and the Courts deem that the money must come from the sale of the property. Unfortunately, outside forces have made that seller motivated. When money is owed to the bank at this stage, mortgage payments were missed and the borrower is

in breach of their agreement. The banks don't yet have control of the property so these 'forced sales' can be referred to as 'pre-foreclosures'

If the seller is unable to bring their mortgage back to current or pay what the bank is owed in full, the process can continue until eventually the bank owns the house. It is important to know that banks in Canada are in the business of lending money, not owning property. They will be motivated to sell a property they own.

If the bank owns the property they would have gone through the entire foreclosure process, many times at considerable expense. The original homeowner is no longer in the control of the sale and likely not even residing in the property. The courts preside over the case and are there to both make a judgment while protecting the last owner's interests.

The important things to note is in these circumstances *the seller is motivated*.

- For a *court-ordered sale that is in pre-foreclosure, you will be dealing with the seller*.
- If you are negotiating on *a property that has already been foreclosed on, you will be dealing with the bank's representative or court appointed agent.*

Either way, Once you have confirmed the property type and community fit your criteria, plus have a good idea of what price range makes it a deal, go view the home if possible. Confirm your renovation budget then present an offer accordingly.

If it hasn't gone past a court ordered sale, the seller is still involved. Present the offer to the seller or their representative just as before. You still want to assure them that you are a reputable buyer as they have to sign off on

any contracts and likely still need to vacate the property before possession day. They are a motivated seller but accepting the price is going to be up to them.

Foreclosed homes across Canada are posted either on the MLS or through foreclosure auctions. You can do a web search for services/agents that provide you with "pre-foreclosure" lists or "foreclosure auctions". Be aware some of these services are agents giving you data available from the MLS, but even if they are, they are at least telling you they are specialized in dealing with foreclosures. On your own you can also visit the courts to review which properties have been foreclosed on.

The easiest way to start on listed foreclosures will be to have an agent setup a search that automatically emails you any "bank owned" or "foreclosure" listings in your area as soon as they are posted onto the MLS. Since it is the easiest way to do it, expect the competition for these public listings to be high. In general, you'll place a bid on the foreclosed property in cash and wait to find out if you have won the bid.

When dealing with a bank owned home, the courts may require you to leave the offer open for a few weeks. This allows time for them to take in the best possible bids so the homeowner gets all the market is willing to pay. If there is a $200,000 mortgage on a $400,000 property, for example, the bank is only interested in getting their $200,000 back and in theory would sell the house for that much. The court will try to give ample time for bids to come in so the homeowner can get as much equity as possible from the sale as possible.

Pros

Court ordered sales and foreclosures are motivated sellers.

They may already be listed at a price that works for an investor.

Great deals can be found in foreclosure listings.

Cons

When the house is bank owned, the bank will not warrant that anything in the property works or is without defect. In Alberta, the Bank's lawyer will require you to present an offer on a contract that may have many of the buyer protections and most of the seller obligations crossed out! You will see this referred to as buying a house 'as-is'

Competition for these types of homes are going to be high. If one is listed publicly & priced aggressively, expect to be up against multiple investors/homeowners looking to buy the same house, which likely drives the final price up.

The Bank may only be interested in 'cash only' offers. Be prepared with all your funding in advance.

Knowing that they're not able to keep the house, some homeowners who are foreclosed on can damage homes severely before leaving.

Not all foreclosures or court ordered sales will be deals. Don't just go looking to buy one under any assumptions. Do your due diligence to the best of your ability, budget and make offers accordingly.

If the amount owed on the property is more than you are willing to pay, the likelihood of that deal going through will be low. It can be done but the shortfall between your price and the amount owed has to either be covered by the seller, or the lender has to be willing to take the loss.

If a pre-foreclosure seller attempts to sell their house at too low a price, the lender may block the sale. This usually happens if what is owed is below your offer price.

Final Thoughts

When looking for a property to flip in Canada you see there are quite a few ways to go about it. If you have the time and/or budget you have quite a few options to do it yourself.

If you are new to sourcing homes or prefer to have it done for you, you can seek out the appropriate professionals including agents specializing in older neighborhoods, investor focused agents, and wholesalers.

Finding and working on properties that you can renovate and resell can be very rewarding financially but be aware of the risks. Ensure you are prepared with the right details, information and questions every time you're looking for a property. Best of luck in your real estate Journey.

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