

Diary of a Birddog Deal

By: Kim Cook

Hunters will agree; there is nothing better than a good birddog. A good birddog runs down the 'catch' and brings it back to the hunter, therefore allowing the hunter to concentrate on the next 'catch'. (sorry, I just can't use the word 'kill'.)

The term 'birddog' in real estate means basically the same thing. The birddog hunts up the deal and brings it back to the investor. Birddogging is one of the best ways for a new investor to get started. The new investor can learn what a seasoned investor looks for, then package the deal for an assignment or 'birddog' fee.

Birddogging is also a great way for seasoned investors to pocket a little extra cash. Bill and I will often birddog the properties that we are not interested in to other investors.

Recently, we assigned to another investor a contract that we had on a property in Resaca, Georgia. Our assignment or 'birddog' fee was \$5,500.

The following is a quick synopsis of that deal, showing how easy it is to birddog.

The homeowner, 'Michael', (the names have been changed to protect...*me*) was in distress, and his payments were badly in arrears. He called Bill and me asking for help. Though the property met our criteria, it was not located in an area in which we normally invest.

So did we say 'no thanks' and walk away? Of course not. We took into consideration the value of the home (ARV-\$137,000), the repairs needed (\$10,000), and our profit margin, and made the homeowner an offer of \$90,000. We also explained to 'Michael' that it was in his best interest not to take our offer, but to try and sell the property himself. We gave him a few marketing ideas, and I mailed him our Marketing Strategies booklet. I even took a picture of the house and made him a 'For Sale by Owner' flyer. 'Michael' was young (26), with a wife and two kids and needed all the help and advice that he could get. He desperately needed someone to hold his hand through the sales process, and I appointed myself his guardian.

Three weeks later, and totally disgruntled with the process of trying to sell his home, 'Michael' called and accepted our offer. Since the property was 30 minutes further north than we wanted to travel, Bill and I quickly decided that our exit strategy would be to find another buyer to whom we could assign our contract.

The 'find another buyer' job became mine, and I immediately emailed the information to all of the potential buyers on my wholesale list. I also emailed the information to real estate agents in the Resaca area.

Within three days I was contacted by an investor interested in the deal. The investor, 'Clint' was bringing a buyer who had already been pre-approved for a loan. I assigned my contract to 'Clint' for \$95,500. He, in turn, was selling the property to his buyer for \$119,000. The property appraised for \$137,000, and the buyer was thrilled to be getting a 'deal'. We scheduled closing two weeks out and 'Clint' made arrangements to meet the inspector, the appraiser and the termite man to gather the necessary paperwork for closing. 'Clint' did a lot of leg work and did his best to protect his buyer's interest. He worked hard for his money and continuously gave me updates as to his progress. I kept

in constant contact with my homeowner, 'Michael', assuring him that we would have his problem solved within days.

Great plans sometimes go awry and this was one of them. The day before closing the buyer, due to medical problems, had to back out of the deal. We were all sick. 'Michael', 'Clint', Bill and I, all stood to make a little money on this sale, and you could literally hear the balloons bursting and the bank accounts groaning when we received that call.

I had to shift into high gear and find another buyer. Not only was I working to protect our reputation, I was also fighting a foreclosure deadline with the homeowner's mortgage company. No rest for the weary.

Countless flyers, emails, and conversations later, I had another buyer lined up within two days. 'Kelly' was a part-time real estate investor eager for her next deal. I again assigned my contract for \$95,500. Due to the Christmas holidays, 'Kelly's' loan process took longer than we anticipated, and I had to pull strings to keep 'Michael's' mortgage company from scheduling a foreclosure sale date.

Finally the stars lined up and the buyer, the seller and Bill and I made it to the closing table. During closing we noticed a problem with the 2004 property taxes. Though the taxes were escrowed in the loan and the mortgage company had paid them two weeks earlier, the Tax Commissioner's office showed them as unpaid. The closing attorney, rightfully so, withheld funds from 'Michael's' closing proceeds to pay the delinquent taxes. I asked the closing attorney to hold the funds until I could investigate the mortgage company's missing payment.

The next day, after several phone calls and a visit to the Gordon County Tax Commissioner, I discovered the problem. With the help of a wonderful lady named Autumn at the tax office, the problem was solved and the closing attorney was allowed to release the funds to 'Michael'.

'Michael' had been very patient with Bill and me, and we showed our appreciation at closing by giving him an extra \$500.00 out of our birddog fee.

All's well that ends well. 'Michael' and his family moved into a home with lower payments. 'Kelly' bought an investment property with approximately \$40,000 in equity. And Bill and I made a quick and easy \$5,000. (Maybe Bill will let me get that dining room table I've been yearning for.)

The lesson in this story is that birddogging is a great way to make fast and easy cash. It also has the added benefit of teaching you the difference between a good deal and a bad deal. No matter where you are in your real estate investing career, seasoned or new, you can always benefit from the education you get by birddogging deals to other investors.

Happy hunting!