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## How To

# Wholesale Real Estate

## The No-Cash Strategy to Build a Scalable Business





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Strategy to  
Build a Scalable  
Business

Jamil Damji



BiggerPockets®  
PUBLISHING  
Denver, Colorado

# Praise for How to Wholesale Real Estate

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“When I first started, Jamil was one of the most instrumental people in my real estate career. To this day, I still rely on him. This book will change your life...just as Jamil has changed my and my family’s lives. No one knows wholesaling better than Jamil Damji!”

—PACE MORBY, *Wall Street Journal* best-selling author of *Wealth without Cash*

“Jamil masterfully breaks down the concepts of ethical wholesaling and scaling a sustainable real estate business in what I now consider to be the Unofficial Wholesaling Bible.”

—ROB ABASOLO, host of the *BiggerPockets Real Estate Podcast*

“If you want to learn to wholesale real estate, you need to read this book. Jamil is the best in the business and an amazing teacher.”

—DAVE MEYER, best-selling author of *Real Estate by the Numbers* and host of the *On the Market* podcast

“No one in this industry knows wholesale real estate better than Jamil. If you’re looking to go from your first deal to a thriving six- or seven-figure business, this book is the blueprint to get you there!”

—JERRY NORTON, flipping genius and CEO of Flipping Mastery

“Jamil Damji is the best wholesaler I have ever seen, but what sets Jamil apart is his genuine desire to help others succeed. This book is a testament to his commitment to sharing his knowledge and experience. If you are looking to generate life-changing income through wholesaling, then you have come to the right place!”

—HENRY WASHINGTON, cohost of  
the *On the Market* podcast

“I’ve witnessed Jamil’s real estate prowess firsthand, and he’s a powerhouse. He’s more energetic than a toddler on a sugar rush, his passion for real estate is infectious, and he loves his community more than the tastiest chicken wings. When he told me he was writing a book about wholesaling, I knew it would be a winner. And boy, did he deliver! This book is loaded with secrets, tips, and tricks that even the most experienced wholesalers will find valuable. It’s like having a secret weapon at your disposal.”

—BRAD HOLCMAN, Senior Director, A&E Unscripted  
and Alternative Programming

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### **How to Wholesale Real Estate: The No-Cash Strategy to Build a Scalable Business**

Jamil Damji

Published by BiggerPockets Publishing LLC, Denver, CO

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### **Publisher's Cataloging-in-Publication Data**

Names: Damji, Jamil, author.

Title: How to wholesale real estate : the no cash strategy to build a scalable business / Jamil Damji

Description: Denver, CO: BiggerPockets Publishing, LLC, 2023.

Identifiers: ISBN: 9781947200920 (paperback) | 9781947200937 (ebook)

Subjects: LCSH Real estate investment--United States. | Personal finance. | Investments.

| BISAC BUSINESS & ECONOMICS / Real Estate / Buying & Selling

Homes | BUSINESS & ECONOMICS / Real Estate / General | BUSINESS &

ECONOMICS / Investments & Securities / Real Estate | BUSINESS &

ECONOMICS / Personal Finance / Investing

Classification: LCC HD1382.5 .D36 2023 | DDC 332.63/24--dc23

**Printed on recycled paper in the United States of America**

**MBP 10 9 8 7 6 5 4 3 2 1**

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# Preface

You may be wondering why I have the authority to write this book and what you can learn from it.

I've been revolutionizing the world of real estate for over twenty years. I cofounded KeyGlee, one of the fastest growing real estate franchise businesses in the United States, which is heavily involved in the world of wholesaling. With hundreds of franchises across the United States, our gross revenue in 2022 was \$38 million, with a gross profit of \$18.4 million. I've completed over five thousand transactions and am involved with sixty to eighty transactions monthly, not including franchises.

Along with my deep success in wholesaling, I am the main host on the A&E show *Triple Digit Flip*. I teach new and seasoned real estate investors how to wholesale in AstroFlipping, my real estate education course. BiggerPockets recently named me as the subject matter expert for wholesaling, and I'm a panelist on the BiggerPockets *On the Market* podcast. I'm the host of *Wholesale Hotline*, a real estate podcast that teaches new investors how to get their first wholesaling deal. I was featured in *Forbes* and actively contribute to Forbes Council posts.

Wholesale real estate investing has been my No. 1 strategy to grow two thriving seven-figure businesses and generate millions of dollars in wealth. Now, with this book, I want to teach you how to do the same.

What is wholesale real estate? Simply, wholesale is a form of real estate investing in which you act as a *principal* in a transaction. In real estate, a principal is the contractual party in a transaction, either



as the buyer or the seller. *A principal is not a representative for anyone else but acts solely as the buyer or the seller in the contract.* In traditional real estate, a wholesaler is not a principal because that person represents the principal, whether that's the buyer or the seller. For wholesalers, the aim is to find properties and opportunities where there's a potential for forced appreciation, which you sell directly to another principal (buyer) who proactively increases the value of a property. Examples of forced appreciation include:

- Adding carpeting to floors.
- Renovating kitchens with new fixtures and upgraded materials.
- Adding pools in backyards.
- Changing the zoning of property, such as splitting lots, combining lots, etc.

You sell your rights or equitable interest in that contract to a buyer who will realize the future potential of the property. Wholesalers are paid through the fees we collect for finding the properties. Examples of principals who buy wholesale property include:

- Developers.
- Buy-and-hold investors.
- Fix-and-flippers.
- Institutional buyers.
- Tax strategists.

The key to being a successful wholesaler is learning to locate opportunities and sell that potential to another principal. What you seek is value. If you can spot and create value, you have the potential to make a tremendous amount of money. There will always be opportunities for wholesaling no matter the economic conditions or the state of the real estate market.

For example, as of the writing of this book, the real estate market has fundamentally changed; some say for the worse. Seasoned real estate investors, however, know that downturns in the market are incredible opportunities to buy properties at a substantial discount. Compared to when the market is highly competitive, downturns are the perfect time to buy. The key to success, even in a downturn

market, is to know the right strategies and how to identify potentially valuable opportunities.

You may be asking yourself, “Why now, Jamil? Why is now the time to get started with real estate investing?”

Simply, the market has shifted significantly. Interest rates have spiked while affordability for purchasing a home is at an all-time low. As a result, there has been a significant decrease in prospects from the buying pool. This in turn has created more downward pressure on pricing, so truly motivated sellers are willing to sell at a discount. This has transitioned us from a longtime seller’s market to a buyer’s market.

This gives wholesalers a unique opportunity right now. Previously, wholesalers had a hard time convincing homeowners to sell at realistic prices for homes in distressed conditions, often facing unrealistic discussions about the value. This left wholesalers either priced out of opportunities or facing months of difficult negotiations.

However, this market shift also means there are fewer motivated buyers, which gives a potential buyer more leverage in making deals. Working with a wholesaler might even be the best option for this type of homeowner, particularly those looking to sell on an expedited timeline because of a life situation such as relocation for work, a medical event, or a divorce.

Here’s an example of a situation I encountered in 2018. A real estate agent approached me with a listing that she was having a hard time selling. This listing was a custom mansion in the Arcadia neighborhood of Phoenix, Arizona. This home had been sitting on the Multiple Listing Service (MLS) for nine months at \$900,000. It had started at \$1 million but the agent steadily dropped the price over that time.

The agent didn’t have a solution for the homeowner, who was under tremendous financial pressure to sell the home in addition to grieving the passing of his wife. All he wanted was the money from the sale of the property so he could go live near his kids and start a new chapter in his life. It didn’t look to me like this property could be sold for \$900,000 either.

However, I realized that this mansion sat on a one-acre plot of land in a highly sought-after development and it had perfect zoning options. I saw the potential of the property. It was not the custom mansion, but the land itself. Nobody else thought to demolish the mansion, so I presented the property to a developer who wanted to subdivide the acre to build five new homes on it.

The parties locked up the deal at \$900,000 after all; the land (and the mansion) were sold to the developer, and I made a \$100,000 assignment fee. More importantly, the seller could finally move on with his life after nine months of no sales. Plus, the real estate agent made a handsome commission. All of this happened because I looked at the situation from a different perspective, saw the potential, and sold that potential to a developer.

Your job as a successful wholesaler is to hunt for this kind of potential and understand all of the use cases for real estate, just as I did in 2018. That's the reason I wrote this book. I want to dispel the stigma many wholesalers face, to explain where a wholesaler's profit comes from, and to provide an ethical framework on how wholesale operations can be profitable and add value to the lives and businesses of the people we work with.

To be honest, I got into wholesaling by accident, and believe me that I've made my share of mistakes. The secret was to turn all of my mistakes into learning opportunities, which led me to become one of the best wholesalers in the industry. The foundation of wholesaling is understanding value and how to spot it. Using wholesale as your primary strategy, you can generate cash that can then be used for more real estate investing.

In this book, I will teach you the basics of wholesale, its legalities and ethics, how to build a business, how to generate leads and sales without betting the bank, and finally how to scale your business into a multimillion-dollar empire.

Are you ready?

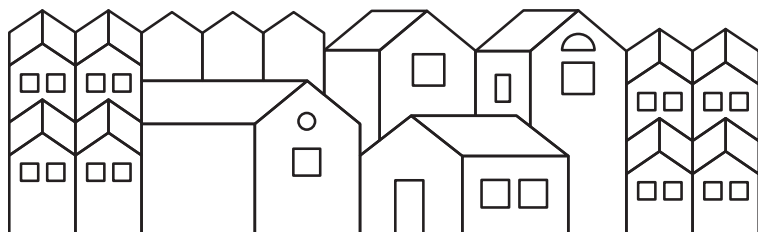
Let's go!





SECTION I

# Understanding the Basics of Wholesaling



## CHAPTER 1

# Why Wholesale?

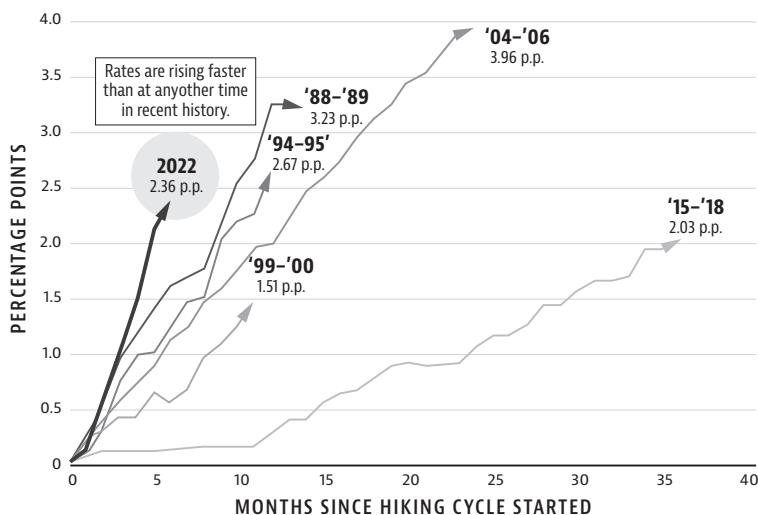
In 2008, the housing market was in a free fall; when it crashed, it unearthed the many inefficiencies, predatory practices, and opportunities for regulation. This ultimately made the housing market substantially safer than it had been. Leading up to the crash, I had been primarily wholesaling. I began my career by wholesaling single-family properties and graduated into apartment complexes. It wasn't until I pivoted again into multifamily development that I exposed myself to risks that not only financially ruined me but also family members who believed in me so much that they blindly and personally guaranteed millions of dollars in leverage.

Everything got foreclosed, including my and my family members' homes. We lost the house I grew up in and all our vehicles; our bank accounts were frozen to protect creditors; and I personally lost \$12 million in a matter of months. I tell this story because there is a lot of pain in the real estate market. Some economists and news outlets have made parallels between what we're seeing in the current market and what happened in 2008.

## Understanding the Changing Wholesale Landscape

The real estate market right now is a new frontier. Changes in monetary policy and rising interest rates have engineered a market shift by reducing buyer demand in one of the most unaffordable markets in the history of U.S. housing. The Fed made a steep interest rate change in summer 2022, going up 55 basis points, which was the biggest change week over week since 1987. It then increased the rate again by 75 basis points in the same time period. The speed of the rate hikes was an emergency response to unfettered inflation, some of which was related to housing, such as material costs of goods, maintenance, and supply chain challenges caused by the COVID-19 pandemic. The average American household experienced dramatically decreased purchasing power in a matter of months. In layman's terms in real estate, you either can afford less house or pay more for the same house than when it hit the market.

### COMPARING THE SPEED OF U.S. INTEREST RATE HIKES



Source: visualcapitalist.com



When comparing the housing market now to what happened in 2008, what we're seeing is a correction, and not another housing crash. A correction means home prices drop slightly, usually 10 percent or less; what is happening as of early 2023, during the writing of this book, is a national average drop of around 5 to 7 percent. In 2008 there was a staggering drop of more than 30 percent, which is evidence of a housing crash. A correction can last from six months to over a year; the housing market experienced a similar correction at the end of 2018 and start of 2019.

It's important to note that the United States doesn't have one single housing market. Different regions are affected locally, so it's important to study data specific to whatever market you want to invest in. Market fluctuations don't necessarily mean investors should be worried or hold onto their dollars until the storm passes. It does mean that investors must rely on the fundamentals of real estate investing to take advantage of unique times with extraordinary potential.

I reentered the real estate game after I lost that \$12 million in 2008. The difference in 2010 was that the housing market had hit rock bottom and had only one way to go: up. Few people were buying real estate because the average person was staying away from "toxic" asset classes. I could buy properties at a fraction of their peak value. Between 2010 and 2012, I purchased \$800,000 worth of property in Phoenix, Arizona (my specialty area). In 2019, I exited those same properties for \$8 million. That was a 10x return on investment by taking advantage of a market shift and getting back to the fundamentals of real estate.

I cherry-picked properties, this time looking for the best buy-and-hold opportunities. I looked to generate the cash required to fund these types of opportunities. That's the power of wholesale in shifting markets: You have the advantage of generating cash, spotting opportunities, and executing when those deals present themselves. My good friend and real estate aficionado Dolf de Roos says in his book *Real Estate Riches* that "the deal of a decade comes around once a week." A good wholesaler first has the cash on hand to take advantage of these opportunities.