



MOM'S HOUSE HOME STUDY COURSE

# CHAPTER ONE

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If you've been in real estate for a while, you know the difference between a good lead and a bad lead. The bad lead will tell you, "Oh yeah, I'll sell my house if you pay the right price." No motivation, no real desire to move or need to move. They're just throwing it out there that if you overpay for the house, they'll definitely sell it.

But what is the difference between that and a *really good* lead? In my 21 years of real estate, you quickly learn the difference between bad, good, and really good leads. In this section, we're going to talk about the best leads that I've ever found. And the nature of the best leads is simply in my mind, two things: #1 Motivation and #2 Equity.

First, let's take a look at Motivation. So, I hope at this point you know, that this is how to find the best leads in the senior living industry.

If you think about the senior living industry, who is moving into senior living? It's not someone that's 42 years old or 28 years old. It's usually someone that's up in years and almost always it's the adult children that are helping their parent to move into that senior living community. Why is that important? Well, their motivation is not based on, I want to go from this house to a bigger house, or I want to go from this house to a nicer house or a better view. This is a decision that's being made because of health reasons.

So it's very different from what you or I might do today with, "Oh, I need to sell my house" or "I want to sell my house." The motivation is based on mom *needing* to move into the senior living community. You don't take a healthy mom to senior living. You take a mother that has some needs that aren't being met on her own, that have to be helped with the senior living community.

That's a very different motivation. It's that one time in life when your motivation is not based on wanting one piece of real estate for another. This is a move that is based on medical-needs.

"Needs" being the key part of that sentence.

So, when the doctor says mom can't take care of herself anymore, and then mom has to move out of her house, well, now the family's motivation is at the highest level that it could be. The adult children's major concern at that moment is getting mom the best care. Secondly though, is how to pay for that care.

That is where the house comes in.

In this situation, there are three things to consider:

- Mom's Care
- The house
- The stuff inside the house

In order to achieve the first item, we have to talk a lot about those second and third items, the house and the stuff. With these leads, their motivation is at the highest that it could be so solving these two issues almost automatically ensures your ability to buy the house.

Let's talk about equity.

When you look at someone that's moving into senior living, the people that are up in age, the stereotypical story goes like this: "Mom bought the house in 1973 and she paid \$27,000 for the house. Today it's worth 400,000" but not in its current condition. That's just the retail price of mom's house in terms of square footage and basic features. In reality, Mom's house has the shag carpeting still in it. It has all the appliances and paint from that one time they "upgraded" things because mom was of the generation that if it wasn't broken, they didn't fix it.

What I'm getting at is that mom's house is not ready for the 2020 retail market. It's not a retail ready house, nor is the family in a mindset of wanting to rehab the house because they're just saying, "Isn't there an easier way for me to unlock this equity out of mom's house so I can take care of mom?"

Remember, the true concern is mom's care.

Almost always the equity is 100%.

What does that mean for you, the real estate investor? It means that at some point they're going to sell their house, whether they do it through you or through a retail channel or by some other means. They have the equity to sell it at a discount or a price that you, the investor, might like to pay. A lead that has potential is anyone that owes less than what you might be willing to pay for it.

That is a big deal.

Stop making this business so hard.

If you're trying to buy houses from people in foreclosure, that's a whole different thing. That's a person that's having something bad happen to them in their life and it's a financial burden and it's just a different type of lead and a mindset.

With the senior living leads, you're helping people. If you like to help families in their time of need, this is for you. If you have a big heart, but still love real estate, this is the right place for you to be. These leads have all the motivation and all the equity.

I can't wait to do a deep dive with you through this course into the different types of people you're going to meet in this industry and how working with them unlocks an unlimited, recession-proof lead source.

Let's start with the senior living communities themselves. With anything in life, you have to ask yourself, "What's in it for them? So, what's in it for the senior living communities?" When you look at a senior living community, not as a place where your Nana moved to, but as a business, you'll start to understand that they're very much like an apartment building. And what I mean by that is their profitability is based on occupancy.

The occupancy is how they get paid.

If you have 100 rooms and six people live there, you're going to go out of business. Just like any other apartment building, they need renters or patrons to live in their building.

So what's in it for the senior living community to use a person like you?

It's very simple.

When they bring mom through for the tour of the senior living community, they are one of say, 10, 20 options in that town. So if they choose that senior living community, and that community uses you, means you got that client. The senior living community knows that because you are working with the family, the equity in mom's house will be made available in 30 days rather than 6 months. Mom gets the best care, they, the senior living community, get a room filled, and you get the house. There's only so many of these clients that go around.

So there are people in the industry that bring mom and the adult children into the senior living community to try to get them placed into the senior living. Working with you, the senior living community increases the likelihood that mom will be placed at their facility.

When you look at a senior living community as an apartment building, you'll understand very quickly that the faster they can move mom in, the more profitable they will be. Why is that? The average stay in a senior living community is only two and a half years, about 28 months, actually. So if you know your average client is only going to be there 28 months on average, and you can do something on the front end to add weeks, if not months to the front end, that makes you much more profitable.

In the senior living business we work with people that tout, "we can move someone in up to three days quicker." Three days. We're talking about months quicker. Those months on the front end add to the profitability of a senior living community. So the senior living community doesn't need to pay you to come to your service.

Obviously, you're just there to buy the house.

But what you're doing is you're helping that person unlock that equity that we talked about out of the home. For what reason? So they can pay the senior living community. It's super important for that person to have liquidity because their bills are going to go from probably a few hundred, if not a few thousand a month, up to six, seven, eight, \$9,000 a month is what some of these senior living communities cost.

So, unlocking that equity out of the home is super important. You get to help them do that in an easy way, without a lot of hassle for the family.

So let's talk about the proprietor themselves, the person who buys a senior living community, the fat cat, he is looking at this investment. He could have just as easily bought a multifamily property of apartment buildings, but instead he chose to own this senior living facility, community himself. He owns it himself.

What he's really done is he's created a bunch of healthcare jobs, food jobs. There's a lot of staff that goes into being a proprietor of a senior living community. He cares about the bottom line, more than anyone else, meaning money.

We can talk about money with the proprietor of a senior living community.

You're not going to see a proprietor as much as other people in the industry, but we'll start with him because I feel like he's the one that's most like us, the real estate investor. And there's a reason why. He's looking at the bottom line, the cash. You're going to learn very quickly today that he's about the only one that does. Just about everyone else has more of a bleeding heart and the more care side.

But the proprietor, you can have a candid conversation with him.

I was recently at a lunch with a proprietor of a senior living community and he told me how big of a hassle it is to have the families need money to pay for the care at his community and have it sitting there in the house. But the logistics of getting that house sold are so painful that sometimes he gives them a loan. Begrudgingly, he gives them a loan to help them get through this time.

When I told him about what I did, he totally understood that that was a need in the senior living world. And now he's one of my best referrers that he gives me a first crack at the houses of people that are moving into his community. And so the proprietor is probably the most like us, the real estate investor.

Let's talk about the director of operations.

Now, when I think about this person, they're almost like a high school principal, I would liken them to. A director of operations is the person that is putting out fires every single day. They run the whole ship. That's the person you're going to get to see way, way, way more often than the proprietor of a senior living community. Most proprietors own six, seven of these communities. So they're not in one each and every day.

The director of operations is the top dog at the ground level. So it's the person that's putting out the fires. The administrative side, they are over the finance director, the social workers, the marketing directors, they're the head of everyone. And so everything rolls up to them.

I think the day I found my respect for a director of operations was summer time a few years ago. I was at a house where a lady was a hoarder or as I lovingly like to say, an aggressive collector. And this woman was moving from her 1500 square foot condo down to 144 square foot room is basically what she's moving into. And the director of operations is helping this patron, this lady consolidate her things and she had about 27 walking canes. She was basically in an argument with the lady about how many canes that she needs to bring to the senior living community.

She obviously doesn't need 27. She has a 12 by 12 room. That's the size of the room she has. And this was the middle of summer. This woman had so much stuff at her house that even though the director of operations was in her suit, pantyhose on, high heels, she was helping move boxes down to the dumpster outside in the middle of the summer.

And I just remember thinking to myself, "How is this helping this woman with the downsizing of this stuff, her job?"

But this, in this particular case, she took it upon herself to help her. She would do anything necessary to get that person to move in and she was helping with literally the logistics of the move to help her get there. Sometimes the separation of the stuff is harder than the house. And so directors of operation are great. If you can get to know one, the goal with them is very simple. You need to prove your worth to them very quickly.

A \$50 million senior living community, if they refer their leads to you, do you realize how important it is for you to be a good person and to do what you say?

If you can build the trust of the operations director, you're going to have a valuable lead source from now on.

They know the complications that it takes to sell retail.

Once you build the trust factor with the director of operations, you're going to have an ongoing lead source from that community from now on.

Some communities have a finance director and that would be a private pay community. The Medicaid facilities or communities don't have a finance director. The finance director, I liken it to the last time you bought a new car, you go into the back room and they figure out how you're going to pay for it. Well, in the senior living world, they have the same thing. How are you going to pay for this, right? And so you go back and you see the finance director and they give the family the bad news that based on mom's money in the bank and what it costs to live here, that she's going to have to sell the house.

So, a finance director is a great person for you to get to know. They're the person that gives the family, in essence, bad news that, "Hey, for mom to pay this seven grand a month to live here, she's going to have to sell the house." Why that's good for you, the real estate investor, is that you weren't the bad guy. You're actually the one that's there to save the day to turn that house, to unlock that equity out of the house and make it liquid for mom to be able to pay for care.

So a finance director, if you're trustworthy, he will love to refer to you at that time because the quicker that they can unlock that equity out of the house, the quicker they can get mom moved in, the more money that they have to pay for the care. This is all in the finance director's world that he needs to help in any way he can with the family to help pay for that care.



The next one is a social worker.

Social workers are probably the least like us as real estate investors. And what do I mean by that? It's more a social worker from what I've found, and I've been doing this since 2011, from what I found the social worker has the biggest heart. When you talk to a social worker, you better talk about how you're going to care for that family and how you're going to help that family. Their job is to help and care. A lot of times these people make 10 to \$15 an hour. They didn't get into social work, so they could be rich one day. That's not why they're even in the business. Real estate investors, we network a lot with each other and we like to get together and talk about, "Oh, we just did this deal and rehabbed it and made all this money."

You don't talk like that with a social worker. At least you shouldn't talk like that with a social worker.

They want to know that you have good intentions to not take advantage of the family, to make a fair offer. Profit is not a bad word, it's just with a social worker they want to know that you're not there to take advantage of anyone. And they will be one of the best referrers to you once you unlock that you're not a bad person. That you're really basing your offer on what the house needs or what it could be. The social workers can be a great lead source for you, ongoing and forever.

The Social workers are in the Medicaid facilities communities and they're also in the private pay, if they have a certain amount of patrons. And so you'll get to know these people in the community.

The next one is the marketing director.

Medicaid communities do not have a marketing director. These were being set aside for private pay. So why is there a marketing director at a senior living community? The simple answer is they are good at care for the elderly. They are not good at SEO. They are not good at marketing. It's not even a secondary thought as to their business models, how they're going to get people through the door. And so a marketing director goes out to the communities to try to solicit for people to come through and do tours through their community. So most proprietors, begrudgingly have a marketing director only because the neighboring community has one, so they feel like they have to keep up.

The thing about the senior living industry, and I'm sure we'll get into some stats, but it's very, very fragmented. And that fragmentation is good for us, the real estate investor, because it's a relationship based model and you can really make a difference if you get in there and prove your worth to these communities.

The marketing director is usually a younger person. It's usually their first job out of college, I've seen. There's a lot of turnover in that position. Sometimes the marketing director, at least what I've found, is that they're the ones that understand what we as real estate investors do the least. And what I mean by that is they don't understand the risks that we take as a real estate investor.

So what I've found to do with the marketing director is to invite them to go on a field trip. And what do I mean by a field trip? The next time you have a hoarded out house or a referral from their community, you invite that marketing director to go to the house. A lot of times they don't get to see the front line of the types of houses we buy. And I love to ask them a question. I say, "Well, how much do you think of a cost to rehab this house?" And if it's a hoarded out house it's in bad condition almost always, they'll say, "Oh, you should burn this house down." Or "You should use a bulldozer. You should take and bulldoze this house." And that's the answer that I'm looking for is that they now understand how much work we actually do to get some of these houses retail ready. That the houses that we buy are so far away from retail ready, that they think it should be torn down.

Obviously, we as investors see the potential of what could be there. So once you take a marketing director on a field trip, you'll see they unlock in their brain who you are and what you do. You're the person that's there to help that family turn that unwanted house that's nowhere even close to retail ready into cash, so that way that new person can move into their community, which is what's in it for them.

So when we talk about all these different areas of people that live and work in the senior living world, this is their life. These are gold for you and I. If you can unlock who you are, what you do, the service you provide for them the right way, and that's what we're going to talk about today, is how to reach them at their level. .

These are ongoing leads of the most motivated, highest equity leads that you could ever have. It's an ongoing lead source. I want to keep emphasizing that, that the seeds you plant today could give you leads 10 years from now. I don't know of a direct mail piece that does that. I don't know of a Pay-per-Click piece that does that.

So when we go over how important all these people in this community are to you as a real estate investor, the reason why we do it is that we have a two day certification course that we're going to talk a lot about today exactly on "the how" you present yourself to these people.

How you do these things, step-by-step.

And so what you don't want to do is put your foot in your mouth. It's so easy just to walk in with a real estate investor mentality and think you're going to create these great relationships. And so in our certification course, it's almost like a sensitivity training as someone has said before, for the senior living industry.

And why is this so important?

Why do we spend over a day, literally, in the certification about *how* to work with these people?

It's because of the value that they bring to you.

If you do this right, you're going to have an ongoing lead source from now on. How valuable is that to you? It's an exponential number. It's a huge number.

So now let's talk about the market size.

You might think to yourself, "Yeah, but is there enough for me?"

So how big is the market?

Let's talk about it.