

DRIVING FOR DOLLARS & HOW TO FIND MOTIVATED SELLERS



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INTRODUCTION

When Deni and I poll new real estate investors about their greatest challenges, two answers pop up again and again: [coming up with a down payment](#) and [finding good deals on real estate](#).

So we talk about those two challenges a lot 😊

But the thing about finding deals is that the more visible the deal is, the worse it tends to be. On the far end of the spectrum lie properties listed publicly on the MLS. Anyone can view them at any time; they're advertised for sale on the open market.

Which usually means you pay market pricing for them.

On the opposite end of the spectrum lie properties that no one else knows about. They're not listed for sale, either publicly on the MLS or privately through wholesaler- or turnkey seller email lists.

Even the owner may not know they want to sell. But when you reach out to them, the light bulb often goes off that they're losing money on the property, and suddenly selling the property becomes awfully attractive.

Here's how to find motivated sellers, both through driving for dollars and other tactics to create your own killer deals on investment properties.

WHAT IS DRIVING FOR DOLLARS?

One way to find motivated sellers that haven't advertised their home for sale is to find vacant properties. Because every month that goes by, vacant properties cost the owner more money.

Which raises another question: how do you find vacant properties?

There are online real estate investing tools like [Propstream](#) that make it almost unfairly easy for you. They cost money, and while we find them worth it (see Deni's full [Propstream review](#) for pros, cons, and pricing), not all investors are quite ready to pay money for these automation tools.

So if you're not quite ready yet for online tools like Propstream, "driving for dollars" refers to driving your target neighborhoods and physically looking for vacant or run-down homes that the owner clearly can't afford to maintain. That gives you a list of potential properties, which you can use to contact the owners about selling.

It costs little besides time and gas, and helps you familiarize yourself with your target neighborhoods. But make no mistake: it's a numbers game. You may contact 80 owners, and only come out with one deal.

GET ORGANIZED WITH A DRIVING FOR DOLLARS SPREADSHEET

It's all too easy to meander aimlessly and waste time driving for dollars. Which means you need a plan before you ever step out your front door.

Here's what you need to know about organizing your campaign with a driving for dollars spreadsheet. (I'm a huge spreadsheet nerd, if you couldn't tell from the rest of this blog!)

CHOOSE YOUR NEIGHBORHOODS CAREFULLY



Not all cities, towns, or neighborhoods are created equal when it comes to real estate investing. Some have better [cap rates](#), others have better market fundamentals like population growth and job growth, while others have more investor-friendly laws.

We recently broke down the [best cities for real estate investing in 2019](#), based on all of those metrics and more. But you may not live near any of those cities, and even if you do, you still need to choose target neighborhoods within them.

Aim for neighborhoods with extremely low vacancy rates, low turnover rates, low crime rates, and moderate homeownership rates. Some homeowners are good, but too many makes it difficult to find [rentals that cash flow](#) well. Generally speaking, solid working- and middle-class neighborhoods work out well for rental investing.

Once you've chosen your target neighborhoods, map out a route in advance to hit every street, every *block* in those neighborhoods. Either write out the route, or just print a map and mark it up with a highlighter (or a crayon to satisfy your inner five-year-old).

SCHEDULE WHEN TO DRIVE FOR DOLLARS

The best day of the week to drive for dollars is trash day, *before* collection. That way, you can spot the rare house with no trash out front.

Time your visits during daylight hours, so you can see well and take photos (more on that shortly). Avoid the busiest times of day in these neighborhoods, so you can drive slowly without a horde of road-raging drivers honking at your rear bumper.

Halloween and the holidays make particularly great times of year for driving for dollars. The lack of decorations helps vacant and dilapidated homes stand out even more.

But most important of all, by scheduling your driving for dollars in your calendar, you can make sure you actually do it.

WHAT TO BRING WHEN DRIVING FOR DOLLARS

You could create your own driving for dollars spreadsheet... or you could just download our free one. It's super simple, but it works. You can [download a free copy of our driving for dollars spreadsheet](#) without signing up for our mailing list because we're cool like that, but we still think you should [take our free masterclass on retiring early with real estate](#).

Print out a few copies to bring with you, along with several pens. Yes, you could bring your laptop or tablet and use your spreadsheet on that, but it tends to be unwieldy. You have to pull out your device, open the app, and type out addresses and notes with your thumb. It just plain takes longer than jotting down addresses with a pen.

Ideally, you also want to print out a stack of notes to post on doors. The driving for dollars script for these notes goes something like this:

Hi, I stopped by today to see if you're open to selling the house, and to make an offer on it. I live nearby and I'm working on other projects around the neighborhood.

Please call me at (111) 111-1111 to discuss the offer. I can settle quickly and cover all the closing costs, so you don't have to pay anything out of pocket.

Looking forward to discussing!

(space for signature)

G. Brian Davis

(111) 111-1111

In a perfect world you should handwrite these. But if that sounds like too much work, print them in a font that looks like handwriting, and sign it with the same color ink. Lastly, bring along a roll of scotch tape so you can tape these notes to the doors of likely properties, and some business cards.

ON THE ROAD AGAIN: WHAT TO DO WHILE DRIVING FOR DOLLARS

As you drive your pre-plotted route, look for vacant or run-down homes. Even if the home isn't vacant, neglected repairs and upkeep often mean that the owner can't afford to keep the property and would be open to a buyout offer.

Here are a few signs to look out for as you drive for dollars:

- violation notices posted on the door
- newspapers piled up
- overflowing mailboxes
- overgrown lawns and/or landscaping
- boarded up or broken windows
- deferred maintenance
- utility shutoff notices
- old door hangers on the doorknob

As you find these properties, go through a quick checklist. First, write down the property address, notes, and other details on your driving for dollars spreadsheet.

Next, photograph the property from several angles, being sure to clearly capture the street number. Then log which camera shot numbers were for which property. The last thing you want is to get home and wonder which photos were of which properties!

If you're using a driving for dollars app like [Deal Machine](#), snap a photo with it and it will automatically log it and pull up all the information for you. More on driving for dollars apps shortly.

Try to get at least one photo that really paints the property in a bad light, figuratively speaking. The more dilapidated looking the better – you'll use this photo later when you contact the owner.

As you're out of the car taking photos, tape your "handwritten" note on the front door. Tape both the top and the bottom of it to keep it secured in place – you never know how long it will be before the owner comes back to check on the property.

Finally, keep an eye out for postal workers delivering mail in these neighborhoods. When you see one, stop and strike up a conversation. Introduce yourself as someone who buys and renovates run-down homes, and tell them that you pay a \$500 referral fee for information about vacant homes that lead to closings. Postal workers tend to perk up when they hear that, because they know which homes are vacant at any given time on their routes.

Get their name and number as well, and check in with them every 60 days or so.

WHEN YOU GET HOME: HOW TO FIND THESE MOTIVATED SELLERS

You've found a few dozen vacant properties after driving for dollars. Now what?

In a word, research. The first thing you want to do is research the equity (or lack thereof) in each property. If you're using a tool like [Propstream](#) or [Deal Machine](#), they'll give you an estimate of the property's equity based on the address.

Without such a tool, you're at the mercy of your state's or municipality's online records of liens. Some of these websites are easy to use, others not so much.

Account Identifier:		Ward - 02 Section - 07 Block - 1831 Lot - 018							
Owner Information									
Owner Name:	BORZYMOWSKI JR THEODORE BORZYMOWSKI KAREN M			Use:	RESIDENTIAL				
Mailing Address:	500 CAINWOOD COURT FALLSTON MD 21047			Principal Residence:	NO				
				Deed Reference:	/00409/ 00119				
Location & Structure Information									
Premises Address:	2035 FLEET ST BALTIMORE 21231-3042			Legal Description:	12-4X52-6				
Map:	Grid:	Parcel:	Neighborhood:	Subdivision:	Section:	Block:	Lot:	Assessment Year:	Plat No:
0002	0000	0000	2010421.03	0000	07	1831	018	2018	Plat Ref:
Special Tax Areas: None				Town:	None				
				Ad Valorem:	None				
				Tax Class:	None				
Primary Structure Built	Above Grade Living Area	Finished Basement Area	Property Land Area	County Use					
1920	872 SF			11130					
Stories	Basement	Type	Exterior	Quality	Full/Half Bath	Garage	Last Notice of Major Improvements		
2		CENTER UNIT	BRICK/	3	1 full				
Value Information									
	Base Value	Value	Phase-in Assessments						
		As of	As of	As of					
		01/01/2018	07/01/2019	07/01/2020					
Land:	100,000	100,000							
Improvements	63,200	54,900							
Total:	163,200	154,900	154,900	154,900					
Preferential Land:	0		0						
Transfer Information									
Seller: KNIGHTON, BRIAN D	Date: 05/31/2000	Price: \$23,000							
Type: ARMS LENGTH IMPROVED	Deed1: FMC /00409/ 00119	Deed2:							

If the property has little or no equity, scratch it off your spreadsheet. If it looks like it does have equity, proceed to look up the owner's information.

Again, tools like Propstream make this easy, as do driving for dollars apps like Deal Machine. But every state lists owner names and mailing addresses in their online public records. For example, here's the [real estate public record search in Maryland](#).

Don't stop there though. Try to find the owner's phone number by searching their name with the local area code in Google. Search for personal websites as well, and for their employment information.

Then try to track them down on social media as well, particularly Facebook and LinkedIn. Sending a letter works, but contacting by phone, email, or social media is even better.

This is the hard part: finding a way to reach the owner.

DIRECT MAIL TO REACH MOTIVATED SELLERS

After trying to reach out by phone, email, and social media, it's time to send a letter or postcard.

If you're using a driving for dollars app like Deal Machine, you can automate this process. Otherwise, here are a few tips to improve your open rates and callback rates.

First things first: handwrite the mailing address on the envelope, if you send a letter. If you send a postcard, either handwrite it or print in a handwriting font.



Image courtesy of Feltus Family Homes

But take it a step further and print a thumbnail of the property on the upper left-hand side of the envelope. Remember the especially ugly-looking photo you took of each property? Yeah – use that.

It piques the owner's curiosity; they can't help but open a letter with their own house printed on it.

The letter itself should be short and sweet and to the point. We include a template in our [FIRE from Real Estate](#) program (if you're not familiar with it, check out our free course on retiring early with real estate).

In fact, you should ideally have two different letter templates: one for vacant properties and one for owner-occupied properties that are just run-down. But as you learn how to find motivated sellers, few tactics work better than reaching out to these two types of sellers.

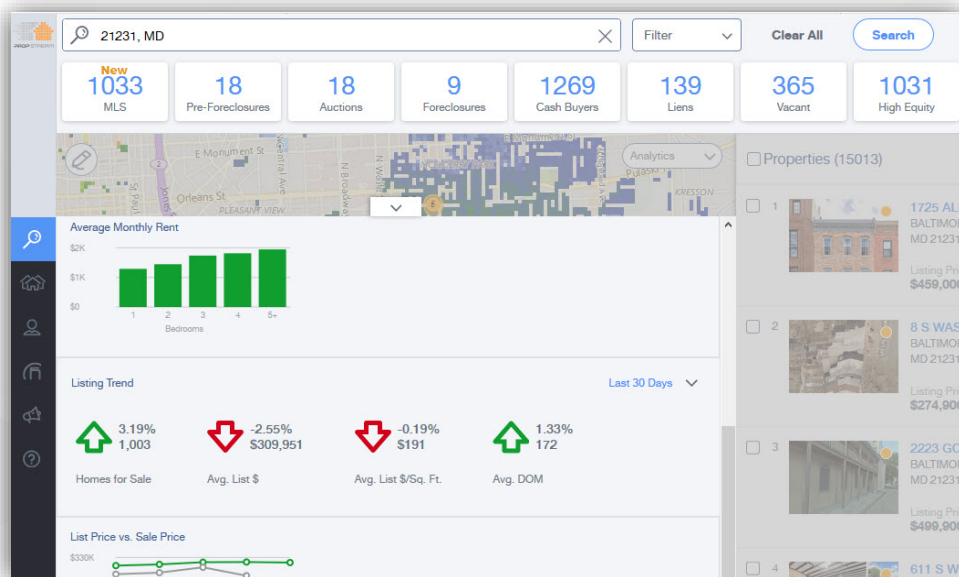
Be sure to jot down the dates when you send mailings on your driving for dollars spreadsheet. Every three months, follow up with another letter, for homes that remain vacant or shabby. Often it's your third, fourth, or fifth letter that finally catches the seller's attention!

DRIVING FOR DOLLARS APPS THAT MAKE IT EASIER

If all the steps above sound like a lot of work, well, no one says you have to do it yourself.

There are several ways you can automate with a driving for dollars app. First, you can automate the photography and spreadsheet tracking with [Deal Machine](#) or [HomeSnap](#). When you take a photo of a property, these apps use your phone's GPS location and the visual AI to automatically match pull up the property address, based on your photo of the house.

Deal Machine then pulls up the property owner's contact information (often including phone and email), along with information about the property's equity, transaction history, neighborhood data, and more. In other words, they handle all the research for you.



For an extra fee, they'll even mail your postcards for you. You save a template to the app, and they mail your cards per your personal design and text.

Literally all you have to do is drive around and snap photos of vacant homes.

Don't even feel like driving? That's cool too. Use a tool like [Propstream](#) to pull up all the vacant properties in your target neighborhood, then just type the addresses into Deal Machine and they'll do the rest.

You can literally automate the entire process with these driving for dollars apps. If you spend 15 minutes once a week scouting vacant homes and mailing owners from the comfort of your couch, you'll start seeing calls roll in almost instantly.

ALTERNATIVES TO DRIVING FOR DOLLARS

As outlined above, you can use Propstream to avoid ever leaving your couch. But it's worth mentioning that vacant and dilapidated homes aren't the only homes worth pursuing. Here are a few other ideas, as you learn how to find motivated sellers.

Foreclosures are an oldie-but-goodie, as extremely motivated sellers. Keep in mind that most foreclosures have very little equity, but the ones that do have equity can make for great deals.

And yes, Propstream displays all foreclosures in your target neighborhoods.

You can also reach out to owners with judgments against them, or with liens against their properties. These often prove to be equally motivated sellers, and [Propstream](#) lists them too.

But nothing says you have to buy distressed homes. If that all sounds like more work than you want to do, you can always buy a [turnkey property](#). These properties are either ready to rent, or already have paying tenants in place. For an excellent database of turnkey properties, check out [Roofstock](#).

Lastly, you can always go old-school and buy through wholesalers. These tend to operate locally, so just run a quick Google search for local wholesalers and sign up for their mailing list to be notified as they have new properties available for sale.

FINAL THOUGHTS

Driving for dollars is a classic tactic for finding motivated sellers and scoring awesome off-market deals. And where once it was inherently labor-intensive, today's driving for dollars apps make it easy, fast, and almost completely automated.

Ultimately, you can do as much or as little work in driving for dollars as you like, based on how much you want to spend on automation through these apps.

Remember that finding motivated sellers is a numbers game. For every 50-100 mailers you send, you might close one deal. But that one deal could involve buying a home for \$50,000 below market value.

Have you ever tried driving for dollars? What were your experiences? Did you try a driving for dollars app?

Connect with us on social!



ABOUT THE AUTHOR



G. Brian Davis is a landlord, real estate investor, and co-founder of SparkRental. His mission: to help 5,000 people reach financial independence by replacing their 9-5 jobs with rental income. If you want to be one of them, join Brian, Deni, and guest Scott Hoefler for a [free masterclass on how Scott ditched his day job in under five years](#).