

“The Junk in my Trunk”

What Every Real Estate Investor Needs To Have In Their Trunk

By Jon R. Kubas

I like to be prepared for the unexpected. If I'm out riding around in my car looking at houses, I want to be able to handle any real estate investment situation or opportunity that presents itself. Whenever we go to an appointment to meet with a seller, we always drive the neighborhood first to get a feel for how our subject property compares to the others that are on the market or have been recently sold. It gives us a better idea of the value we might be able to sell ours for if we buy it. Often, we're pleasantly surprised that ours is worth more than we originally had anticipated.

While we're driving through the neighborhood, we also look for other opportunities that might be available. It's easy to spot vacant houses, or houses that may be in disrepair. I figure if I'm here anyway, I want to make the best use of my time, and I want to be able to act fast if an opportunity presents itself.

When I first started investing in Houston back in 1990, before we even moved here, my wife Amy and I were driving a neighborhood and came upon a guy loading his stuff into a U-Haul. We asked him if he had just sold his house, since we wanted to get information on the area, and he quickly told us that his house was in foreclosure and he was heading out of town that day. He said he couldn't afford it and wasn't going to wait around and get thrown out.

There I was with a perfect opportunity, and no way to get the house tied up. Luckily, he gave us a phone number where he was going and we called him later that week and bought the property. Right then, I decided I would never be in the position of having an opportunity staring me in the face and not be able to do the deal right there on the spot.

Since that time, we have developed systems and checklists to handle virtually any real estate situation using the “Junk in my Trunk”. No matter where I go or for what reason, I want to be able to handle the situation during that one trip. Whether I'm buying, selling, looking for deals, checking on a tenant, or inspecting a property after a tenant moves out, I want to be able to handle it with just one trip.

It wouldn't be so bad if all your houses are in one area, fairly close to your office or your home. We are fortunate enough to have properties all over the Houston Metropolitan area, from Clear Lake to Conroe, and we live in Spring. It takes over an hour one-way to drive from Spring to some of our houses, and that's not during rush hour and with little traffic. So the more efficient I am with each trip, the more profitable I'll be.

There are 3 main areas that we systemize using the “Junk in My Trunk”: Marketing to Buy or Sell Houses, Acquisitions, and Minor Repairs or Maintenance.

The basic tools for any investor are dependable transportation, preferably with a good air conditioner and a radio, a cell phone, local street map (a Key Map for Houston), pen and paper, and a digital camera. If you're spoiled like me you'll have a GPS Navigation System that will help you find a property, a laptop computer with internet access, and a gorgeous wife by your side!

I used to be able to drive anywhere using my Key Map, and could easily find the property again without using a map. With the navigation system, I just type in the address and the lady in the box tells me where to go. Now, I have no idea how I got there or how to get out of the neighborhood, and have to use the navigation system to find my way home, or at least to a major highway. Without this system or a map, I

couldn't find the house again on a bet, if I had to go back. That's another reason I needed to develop a system to get it all done at one time. Besides I'm lazy and don't want to go back!

Marketing to Buy or Sell Houses

Whether I'm looking to buy a house or market one I already own, these are the marketing tools and items I always have with me:

"Junk" used to Buy Houses:

- Pre-printed "I Buy Houses" Flyers to put on doors of houses that look like prospects
- Pre-printed "I Buy Houses" post cards to put in mail boxes
- Stamps (the Post Office doesn't like you to use their mailbox without paying for it)
- "I Buy Houses" type business cards to stick anywhere I can, like in door jambs, through mail slots, leave at Stop and Go, etc.
- "I Buy Houses" refrigerator magnets to stick on anything metal, including the mailbox (it's outside, Ha!)
- Here is where the pen and paper come in handy to write down addresses of prospects to follow up later
- If you have a laptop with internet access, you can also check the tax records and the White Pages for phone numbers for owners of possible prospects (some handheld PDA's can also do it)

I keep all this stuff in a folder labeled "Briefcase Acquisition Marketing" in a briefcase in my trunk.

"Junk" used to Sell Houses

- Blank Street Signs (4)
- Wood stakes (2)
- Roofing nails
- Cable ties – 11"
- Flyer box (1)
- 25 flyers for each house I have on the market
- Preliminary Credit Applications (10)
- Application Receipt Agreements (3)
- Small sledge hammer
- Big magic marker (2)

When I'm checking on one of the properties we have for sale, I keep these with me so if the signs were taken down or we ran out of flyers, I don't have to go back to the office and make a second trip. I can hand write a sign, and either put it on a wood stake or tie it to a metal pole with the cable ties. Bigger pole, more cable ties. Just attach 2 or 3 together and now you can tie it to a ***big*** pole like a street light!

I keep Preliminary Credit Applications on the kitchen counter in each house, and if they are gone I just put some more. If I run into someone that really wants the property, I get them to fill out the Application Receipt Agreement with the credit report and give me a deposit. It basically says that the applicant wants the house, and if their credit is approved they will take it, and all deposit money goes toward their move-in costs. If they are denied, they get their money back less an application fee. If they are approved and change their mind, they forfeit their deposit. Now I have a committed applicant! They will come to our office after being approved to complete the rest of the paperwork. (Remember, one trip!)

Acquisitions

Following are the papers I keep in a folder in my briefcase if we like the deal and the seller is ready to sign an earnest money contract while we're there, which is always our goal. I keep 3 total sets of Acquisition papers in my briefcase at all times. Now if I stumble upon a homeowner that's loading his U-haul and he tells me he's behind in his payments and is leaving town before it forecloses, I get a contract and get the deed!

Following are the papers I carry in my briefcase just in case that happens again. The forms are all blank so I can fill in the particulars about each deal. I carry 3 sets in 3 separate folders labeled "Briefcase Acquisition Documents".

Contract Phase Papers

- Acquisition Forms Checklist (to make sure I didn't forget anything)
- Earnest Money Contract
- Option To Purchase Agreement (2 types)
- Seller's Disclosure Notice
- Lead Based Paint Addendum
- Water District (MUD) Notice
- Request for Mortgage Information Letter
- General Authorization To Release Information
- Loan Assumption Agreement
- Notice of Purchase and Sale Agreement
- Notice of Option to Purchase Agreement
- Repair Estimate Worksheet
- \$10.00 for earnest money (that's another story!)

Closing Phase

In addition to the Contract Phase papers, if the seller is willing to sell the house for what he owes on it, subject to the existing lien, I have these blank forms available so I can actually close the deal and transfer title on the spot. I only use all these papers when the seller isn't getting any equity.

Closing Phase Papers

- | | |
|------------------------------------------------------------------------|-----------------------------------------------------------------------|
| <input type="checkbox"/> Blank HUD Closing Statement | <input type="checkbox"/> Marital Affidavit |
| <input type="checkbox"/> General Warranty Deed to Trustee | <input type="checkbox"/> Not Same Person Affidavit |
| <input type="checkbox"/> Assignment of Purchase and Sale Agreement | <input type="checkbox"/> Assignment of Escrows and Insurance Proceeds |
| <input type="checkbox"/> Appointment of Land Trust Trustee | <input type="checkbox"/> Add Trustee as Additional Insured Letter |
| <input type="checkbox"/> Appointment of Land Trust Successor Trustee | <input type="checkbox"/> Consignment of Interest in Insurance Claim |
| <input type="checkbox"/> Declaration of Trust and Land Trust Agreement | <input type="checkbox"/> Cancellation of Existing Insurance Letter |
| <input type="checkbox"/> Affidavit of Land Trust Agreement | <input type="checkbox"/> Management Letter |
| <input type="checkbox"/> Assignment Of Beneficial Interest to ____ | <input type="checkbox"/> Due on Sale Disclosure |
| <input type="checkbox"/> Trustee Authorization | <input type="checkbox"/> Client Testimonial Form |
| <input type="checkbox"/> Power Of Attorney (2) | <input type="checkbox"/> Notary Record |
| | <input type="checkbox"/> Take digital picture of Driver's License |

Once I get all these documents signed, including the General Warranty Deed which actually transfers title, I have the title searched to make sure it doesn't have title problems. If there are title problems and I determine I don't want the property, I call the seller and tell them the deal is off and I tear up all the papers. If the title is good and I determine I do want the property, I record the General Warranty Deed and start making payments or repairs to the property.

You should take the seller and find a local notary public to witness the seller's signature when getting the General Warranty Deed and other closing papers signed so they can be recorded, or you can bring your own notary.

I can then use all the marketing materials I have in my trunk to immediately put the house on the market so I can start getting calls before I ever leave the property and start the title process.

“Junk” for Minor Repairs or Maintenance

If I have to go to a property for any reason, I keep tools in my trunk to make minor repairs if they are necessary. When a tenant is late on their rent payment, before we go through the entire eviction process, we have someone go by and see if they are still there or if they moved out in the middle of the night without telling us. If that someone is me and the house is vacant, I want to take action immediately to get it back on the market.

Following are the tools I keep in a tool tray in the trunk for such instances:

- Tool tray to store all the tools
- Claw hammer
- Nails
- Needle nose pliers
- Electrical pliers/wire cutters
- Adjustable wrench
- WD-40
- Small hack saw
- Philips screwdriver
- Flat head screw driver
- Wasp spray
- Hand cleaner
- Paso (so you can clean magic marker off old signs and reuse)
- Small rags
- 5 gallon bucket
- Windex
- Paper towels
- Dust pan and small brush
- Pine sol
- Scrubby
- Electrical tape
- Duct tape (fixes anything!)
- 100 watt light bulbs (4)
- window thumb screws
- trash bags
- lockbox
- utility knife

For you overachievers like me, include these:

- Electrical plug and cover plate (2)
- Electrical switch and cover plate (2)
- Programmable thermostat (2)
- Battery powered screw gun
- drill bits
- Electric drill
- 25’ extension cord
- Roach powder & sprayer filled with water
- List of phone numbers for your contractors and utility companies to call on the way home
- Paint color chart to choose exterior paint colors (I only want to make one trip!)
- Pry bar
- Lock pick
- Large bolt cutters for chains & padlocks
- Big hammer (I **will** get in if I need too!)
- Re-keying kit to re-key locks
- Keyed entry lockset and deadbolt
- Tenant Move-out checklist
- Property turnover checklist

I’ve got everything I need to handle virtually any situation, from buying, selling, making minor repairs, or to handle a tenant move-out.

Surprisingly, all this “Junk” fits in the briefcase, tool tray, and 5 gallon bucket and only takes up a little space in my trunk. There’s even enough room left to bring a small handyman!

One thing for sure, if we ever go somewhere in the car together to look at properties, **I’m driving!**

Jon R. Kubas and his wife Amy, began buying investment property in 1984, and have been living and investing in Houston, Texas since 1990. Jon was the President of the Realty Investment Club of Houston (RICH Club) from 1993-1997, and is also a licensed Texas Real Estate Broker and Texas Mortgage Broker. Visit www.westwindsgroup.com for more "Resources for Real Estate Investors", or to Earn Big Money by Recycling Your Unwanted Real Estate Leads, visit www.recycledleads.com.