

It's time to get UGLY with you! (Dead Body in House?)

Written by Marcel Umphery
Wednesday, 16 March 2011



I know you have probably been wondering when are these guys going to share some of their BIGGEST mistake's. Well we have finally compiled a huge list of our Flop's both Wholesale deals and Rehab deals that we have attempted or completed. I know you have heard this before "I would rather learn from someone that has made mistakes than learn from someone that hasn't made any.

The FLOP that stands out the most is Mannasota Ave. Baltimore, MD that we acquired in 2007. This property was a total mess when we bought it. Using our Cruising for Cash strategy we came across this 2300sqf. vacant house in a decent neighborhood in Northeast Baltimore. We actually used one of our online skip trace systems to track down the current owner who acquired the property in a tax sale for only like \$5k. After negotiating him down from \$80k to \$51k in a neighborhood where houses were selling for 300k we took our general contractor over to get some estimates on the repairs to discover 5 feet of trash literally on the first and second floors and not only that a Dead Body (corpse) in one of the bedrooms. It really felt like a scene off of the HBO show the WIRE. This story actually made the Baltimore Sun and local news. We even got offered \$1k for an interview from a Washington, DC news station but declined because we did not want that type of press slowing down the sale of the property. After the police and medical examiner finished their investigation they discovered the corpse was actually the original owner. He died in bed. Their were playboy magazines from the late 70's and early 80's laying around this guy, he had been dead for years. No family around just him.

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This house was just one of the seven properties our contractor at that time walked out on. Once the clean out was completed we discovered one half of the house was infested with termites we had to rebuild half of the house. That was one thing we did not budget for on top of the property sat on a nice sized lot that was literally covered with trees it was a forest. After framing up half of the house taking out a bedroom on the 2nd floor and framing it out for a master bath, running electrical or what we thought was electrical, running duct work or what we thought was duct work. Our contractor finally took off with a ton of our money. See we purchased this house with Hard Money Financing our lenders always made us put some type of skin in the game. The skin in this case was 20k to get the project started. We also took out some private loans on our primary residences to do this. It made sense when we did it before the recession. We purchased the house for \$51.5k got a construction quote for 90k and houses were selling for 300k in this area it looks great on paper right. Well after being in this monster for almost 2 months and the only things to really have been completed was demo and framing everything else had to be redone. We had already kicked out a little over 45k.

Because we purchased this property for pennies on the dollar we were able to get 6 months of interest payments rolled in meaning we did not have to pay the interest on the loan for the first 6 months. Time started ticking and soon we were receiving a \$1700 bill on top of 6 other houses with hard money mortgages that same contractor walked out on with interest payments it got ugly real fast! The aftermath was our original 3rd partner who was older than us with a family had to walk away due to financial constraints, my current business partner Michael Jones was forced back into the workforce a high paying engineering gig that he hated, and I decided to go down with the ship if it sunk not choosing to go back to my dreadful cubicle at my old 9 to 5.

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We kept it a float as long as we could doing wholesale deals month in and month out, Mike started contributing his entire pay check most months. We made scarifies at the same time sought out new contractors, educated ourselves, and raised private money from friends and family members. The bills were literally over 13k a month and that's not including our personal bills.

This house sat vacant and stagnant for over 9 months we did not get the project rolling again for almost a year. After using all of our extensions up with our lender the ballon on the loan was

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coming up in 2008 and if we did not sell this property quick we were looking at the lender's taking the property back that totally scared the crap out of us. We scrambled to get the entire house completed and sold. After the property was completed we decided to hold one our famous 9 day sales and ended up selling the property for 230K a fraction of what we would have sold it for in 2007.

A valuable lesson you can take from this is don't try to hit the jackpot every single time. We took off way more than we could chew in 2007 with seven projects going on at once. You can also take away the staying POWER we had to stay in the GAME. No matter what the situation is NEVER GIVE UP!

Be Cool,

Marcel & Mike

P.S. Hey share some of your Nightmare stories with us and the community leave a comment lets talk.