BAKER HOUSE

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FROM THE BOOT CAMP CURRICULUM · DEAL 01 OF 07

The First Deal

How to make money in real estate before you have money — the exact method that started a four-generation family business, worked in full, with real numbers.

ZERO CAPITAL STRATEGY

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THE ORIGIN

The Man in Two Rooms

Manhattan, the 1930s. A man named Loomis Grossman positioned his office next to an elevator, a few steps from the desk of a real estate broker named Henry Baker — no relation. Loomis stood in his doorway all day, like a spider in a web. Owners came to hire Henry to broker deals on Upper West Side buildings. Loomis listened. And he picked off deals before Henry knew they were happening.

His method was simple. He signed a purchase agreement on a building during due diligence — and in the time it took to close, he already had a buyer lined up to pay more. On a good day, he was negotiating with the seller in one room and with two competing buyers in another. He bought a building in escrow in one room and resold it in the next. He never owned the asset. He never took on a mortgage. He never wrote a meaningful check.

He started doing this in 1932, in the teeth of the Great Depression. Asked years later what he did during those years, he said: "I sold some buildings, made some money, and went to Florida." No drama. No self-pity. Just execution — the same narrow formula, run over and over, in the one market he knew better than anyone alive.

Loomis Grossman was Richard Baker's grandfather. The method he ran with a telephone and a reputation became the foundation of a family that went on to develop more than 100 million square feet of real estate. Richard calls him "the original infinite return guy."

> *"Loomis would contract to buy a property and sell it before he ever closed. He taught us that the family are real estate developers — using intellectual leverage, not just capital."*
>
> RICHARD BAKER

The deal in this document is the Loomis method, unchanged, available to any first-timer today. Before the numbers, one idea has to land first — the idea that makes the whole thing legible.

THE PRINCIPLE

Capital Is Not the Scarce Resource

Every strategy the Baker and Grossman families have run for four generations rests on a single structural observation: real estate wealth is not created by capital. It is created by insight, structure, and execution. Capital shows up later, and it is usually someone else's. That is not a motivational statement. It is how the business actually works, and it rests on three foundations.

01 Valuation Is Mechanical — and Therefore Exploitable

Commercial real estate is priced on NOI divided by cap rate. Residential is priced on comps. Both are formulas. If you can change an input — the lease status, the condition, the price — before you close, you change what the asset is worth and what a buyer or lender will pay. Your job is to understand the formula better than the seller does.

02 The Due Diligence Period Is an Operating Period

Most first-time buyers treat the gap between contract and closing as inspection time. Sophisticated operators treat it as value-creation time. Loomis built his entire portfolio inside that gap. Every zero-capital strategy that exists exploits the window between signing and closing.

03 Skill Is a Form of Capital

Deal-finding, negotiation, and the ability to see what an asset could be — each one substitutes for a check. When you have no money, skill is the "something" you bring, and it is the resource investors with capital actually lack. This is the Loomis principle: you need to be able to make money from nothing.

Hold those three ideas, and the deal on the next page stops looking like a trick and starts looking like what it is — the purest expression of intellectual leverage in real estate.

THE DEAL, WORKED

The Flip — Selling Your Purchase Agreement

You contract to buy a property. Then you sell the contract itself to another buyer before closing. You never own the asset, never take on a mortgage, never deploy meaningful capital. Your profit is the spread between your contract price and the price a third-party buyer will pay to step into your shoes. Today the internet calls this wholesaling. Loomis was doing it in 1932. Here is the deal, worked.

A first-timer identifies an empty retail building with a good parking lot at $1 million, with a motivated seller. Critically, the first-timer has a relationship with a user for the property — a business that needs exactly this building.

Vacant Retail Building · The Numbers	ENTRY LEVEL
Contract price (negotiated)	$1,000,000
Due diligence period	60 days
Refundable deposit	$10,000
Price the user is willing to pay	$1,250,000
Capital deployed	$10,000 (refundable)
Net capital at risk	$0
Gross profit on the flip	**$250,000**

$0	$250K	60	∞
CAPITAL AT RISK	PROFIT EARNED	DAYS TO EXECUTE	RETURN ON CAPITAL

The first-timer walks away with $250,000 and zero debt. They never owned anything. The fee is taxed as ordinary income — call it half after tax — and it is still a life-changing first deal. That is Loomis in two rooms, ninety years later, still working.

THE MECHANICS

Where the $250,000 Came From

1

FIND THE MOTIVATED SELLER

The spread exists because you found a seller the market had not fully priced — a vacant building the owner is tired of carrying. Your leverage is information asymmetry. Most great deals are never publicly listed; they are found through persistence and consistent presence in one market you commit to knowing cold. Loomis knew every building, every block, every landlord on the Upper West Side. Pick your version of the Upper West Side.

2

KNOW YOUR BUYER BEFORE YOU SIGN

The $250,000 is not luck. An empty building is worth one price to the market and a much higher price to the user who needs exactly that building. The first-timer's real asset was the relationship — knowing a business that wanted the property before contracting to buy it. Relationships are deal-sourcing infrastructure, on both sides of the trade.

3

CONTROL BEFORE YOU OWN, THEN WORK THE WINDOW

A signed purchase agreement gives you control of the asset without ownership of it. The contract — not the building — is the thing you sell. The 60-day due diligence period is your operating runway to close the user. Deal-finding is a separable, monetizable skill. Capital comes later. Judgment comes first.

4

KNOW YOUR DOWNSIDE — IT IS ZERO

The deposit is refundable and the due diligence period gives you the right to walk. Net capital at risk: nothing. This is the architecture of every deal the family has ever done: the worst case is not losing your shirt. The worst case is being unproductive — and starting the next deal.

This is how many of today's large regional operators trained their eye before they had capital. The skill that matters is finding the deal and the relationships, not financing it.

WHAT COMES NEXT

This Is the First of Seven

Years ago, after one of his early deals closed, Richard's father Robert Baker asked him two questions. How much of your own money did you put in? Almost nothing. How much will we make? Millions. That is the Infinite Return — the idea at the center of everything Baker House teaches: borrowing against value, not cost, so that your own capital is never the limit on what you can build.

The Flip is the entry point. Inside the Baker House Boot Camp, it is the first of seven first-deal strategies, each taught live with the deal math on a whiteboard — and each one a rung up in sophistication:

01	**The Flip — Selling Your Purchase Agreement**	THIS DOCUMENT
02	House Hacking with FHA Financing	IN THE ROOM
03	The BRRRR	IN THE ROOM
04	Seller Financing	IN THE ROOM
05	The GP Promote	IN THE ROOM
06	The Ground Lease	IN THE ROOM
07	The Pre-Close Lease-Up	IN THE ROOM

TWO WAYS IN

Office Hours. Richard answers entrepreneur's questions and gives feedback on other people's deals every Wednesday at 2:00 PM ET — free. Registration link in the @baker_house1921 bio.

The Boot Camp. Two days in New York City with Richard Baker. All seven deals, taught in full, with your own first deal built in the room. Apply through the link in bio. Cohorts are limited and filled by application.