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The Many Advantages (and Little Risk) to Lease Purchasing

Hosted by: Joe McCall

Featuring Special Guest: Claude Diamond

- Joe:** Welcome, this is the Real Estate Investing Mastery podcast. Hey everybody, welcome. This is the Real Estate Mastery Podcast. Really glad you're here. How are you doing, Claude?
- Claude:** I'm doing great Joe. How are...? What are you wearing? Your bath robe there? I know it's cold.
- Joe:** It's a sweater and it's a St Louis Cardinals T-shirt below it.
- Claude:** Oh.
- Joe:** But, yeah. I mean, here I am in St Louis. It's 40 degrees. It's kind of cold. It was actually 10 degrees the other day. But, you're in San Diego...
- Claude:** We're suffering here too in San Diego.
- Joe:** Oh, no. I feel so bad for you.
- Claude:** I had to hurt my wrist adjusting that air conditioning knob all the time to 75, 80 degrees. You don't know, man.
- Joe:** I feel so bad for you. I'll send you some brownies.
- Claude:** I'll send you some brownies when I go back to Colorado but don't let the kids get them.
- Joe:** Those of you... Thank you. Thanks.
- Claude:** That was a Colorado joke. And, those of you who know what I'm talking about, you adults in the room, okay?



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Joe: My wife just brought me some Starbucks.

Claude: Oh, my wife freshly ground the Starbucks and brought it to me pretty good. I think there's nothing like... I drink a lot of coffee and a lot of fresh fruit and things like that during the day. I'm on this desk.

Joe: But, we don't want to talk about what you put in the coffee.

Claude: Oh, no. Nothing.

Joe: Oh, yeah. Yeah.

Claude: That comes at 4 o'clock.

Joe: Okay, those of you listening to the audio we just put a Grey Goose bottle in the picture.

Claude: Oh, okay.

Joe: So, listen guys. This is Real Estate Investing Mastery podcast. Welcome! This is something Claude and I had scheduled for a long time. And, we just got on Skype and we're like, "Well, what do you want talk about?" "I don't know. What do you want to talk about?" So, we've got some things that we're planning. And, those of you who don't know, let me introduce who Claude is.

Claude: Oh, okay. Thank you.

Joe: Claude, you've been in the business since when? Real estate business?

Claude: I knew Methuselah. No, I've been in the business for almost 30 years now.

Joe: Are you serious?

Claude: Yeah, serious, 30 years.



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Joe: Wow!

Claude: We started calculating it. I've been very fortunate. I did a lot... I did the law thing. I did the corporate America thing. I was never happy with those jobs, J-O-Bs. I just don't play nice with others in water coolers and office politics and all that. And, I discovered this wonderful business, this real estate business and my life changed from that point. You remember when you got real estate fever, Joe?

Joe: I do and it was not 30 years ago. It was mid 2000s like 2005. I read "Rich Dad, Poor Dad." Everybody has got to read that book.

Claude: Uh-huh.

Joe: And, that got me excited about it and I started looking at lease options. There was a book I read called "Secrets of a Millionaire Landlord" by a guy called Robert Shemin. I don't know what he's doing these days.

Claude: I know Robert. Robert is a great guy, good speaker. You should have him on the show someday.

Joe: If anybody knows Robert... You know what? I think I have his contact.

Claude: Robert lives in New York, I believe, Long Island.

Joe: Yeah.

Claude: Real nice fellow.

Joe: So, I bought his book and it's a real good book. And, in there, he had a chapter on lease options. And, they got me all excited because I thought, "Wow! You can control property without owning it."

Claude: Uh-huh.



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Joe: So, I went to the Google. I went to the YouTube. And, everywhere I looked, there was Claude Diamond with his lease purchasing stuff. And so, I bought some of your courses, but we've been friends for a while now. And, I've learned so much from Claude. You are a former attorney, recovering attorney.

Claude: I'm a recovering attorney. I don't practice. I don't practice.

Joe: Don't practice.

Claude: I went to law school and I discovered I could make a lot more money doing real estate than ever as practicing law.

Joe: Right.

Claude: And, I have a lot more freedom and control of my life, time for my family, debt free. I'm a homebody. I don't believe... You know what's the difference between you and me? I thought about this yesterday. You love to take these long vacations, go in the RV, go to Prague for months and stuff and that's great. There's nothing wrong with that. My idea is not to take vacations but to live them - to live in Hawaii, to live in San Diego, to live in the mountains of Colorado. So, life is always a vacation. Our life every day is Friday.

Joe: There's nothing wrong with living in St Louis, Missouri where it's cold in the winter and hot in the summer.

Claude: It builds character, doesn't it?

Joe: We got the St. Louis Cardinals. What else could you want? You see my shirt right there. Okay.

Claude: I just love it here. It is late February and I can go outside and run in my shorts and I can swim in the pool and do my laps. I just love that maybe because I'm older or something. My kids are grown up. I love going outside a lot and running. I'm a runner and a swimmer.



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- Joe:** Well, Claude, let's talk about what got you there. You started in the mid-80's, I think.
- Claude:** Uh-huh.
- Joe:** When did you start doing lease purchases?
- Claude:** It's a good question. You were talking about books before. There was something... I read Robert Allen's book "Nothing Down." Big influence on me about how you could find these properties and negotiate nothing down deals. It's still one of the great creative real estate books with so many different strategies that are very pertinent today. But, in order to make Robert Allen's book work, you have to be a great a salesman which I was not. I'm the former world's worst salesman.
- Joe:** I don't believe that, but go ahead.
- Claude:** It's the truth. I couldn't give away money on the street corner, Joe. I mean, I was horrible. And then, I read another book by Mr. Haroldsen from Salt Lake City. He wrote the "Financial Freedom Report." A great, really motivating newsletter every month on how to do deals. And, kind of like Robert Allen, he said, "Get a lot of credit cards so you can finance a lot of these deals because you did need money. And so, get your credit cards and get a lot of cash advances." Now, there's a principle in financial success.
- Joe:** That's a great idea.
- Claude:** And, William Nickerson, I got to mention him. He wrote a book called "How to Take \$5,000 and Make It into Five Million Dollars." And he did something what we called rehabbing today. He called it "sweat equity." Joe, I'll go to a fancy hotel and I'll go to the bathroom and I'll have to ask the housekeeping, "What is this strange looking toilet?" And, they'll tell me it's a bidet." And to this day, I still don't understand why you would want to brush your teeth while you're sitting on a toilet. But, that's neither here nor there, Joe. I don't have the skills to do the rehabbing and all that and I wanted to find my niche in real estate. And, I met this man, Max. I've talked about him often. I've written books about him.



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And, he was using options. He was a great salesman. So, I learned how to ask questions and not just give presentations all day, how to qualify people, how to work smart, how to never go to a property unless I was going to pick up a check or a contract. And, he also taught me about control leverage. And, leverage is the key to this real estate business. We want to control a lot with a little.

Joe: Yeah.

Claude: I mean, if we have a lot of money, we could just buy properties all day long, couldn't we?

Joe: Oh, yeah.

Claude: I mean, but a lot of us, we didn't have a lot of money when we started. We had to knock on doors, make phone calls and hang up signs and use creative strategies. And, lease purchasing was the perfect fit for me.

Joe: We did a workshop in Hawaii a few months ago and you mentioned a book by a guy who was buying a bunch of properties in New York. I've read the book and I forgot the guy's name.

Claude: Oh, Zeckendorf!

Joe: Zeckendorf!

Claude: There's a big news on that because that book was about William Zeckendorf.

Claude: He was a genius in using lease purchasing options back in the 30s, 40s, and 50s. And they just... I'm glad you mentioned it. Amazon just re-released his book finally, I think, in a Kindle version. This book was such a collector's item for real estate investors like you and me. This book was bid up to \$300 on eBay and Amazon.

Joe: Yeah. When was it released? It was released in the 60s, wasn't it?



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Claude: Oh, God. I think he wrote it, I don't know, in the late 50s early 60s. This guy would control massive commercial properties in New York City and these techniques still work today. They're wonderful with the niche of options and lease purchasing. And, if you read Donald Trump's book, his first book... What was it? "The Art of the Deal."

Joe: "Art of the Deal," yeah.

Claude: In Donald Trump's first book, he used options also to buy a hotel and control a hotel with a piece of paper. Bottom line, can we control real estate utilizing this concept of an option or an option with a lease to control a property to wholesale it? Which I know you love. I love it. Or, sandwich lease it and sublet it or sell the contract.

We can manifest it in so many ways without the bank, without the large down payments, without repairing the roof and the... I mean, to me, it's the best strategy in the world. Does it take a little time to learn it? Yeah. Do you need the right contracts? Yeah. Do you have to utilize contemporary marketing strategies? Yes. But, man, is it worth it?

Joe: And, that's what I wanted to bring up because you've been in this business a long time. You've been there, done that. You wear that T-shirt. And, you've seen the market go up and down, be flat. You've seen it all, Claude. And yet, you still like lease purchasing?

Claude: I do because the risk I get to control good properties in good neighborhoods. I like residential properties. I get to meet great people and my investment is low and my liability is minimal to none. That's really important because we make mistakes in real estate. I make mistakes. You've made mistakes, Joe. That's how we learn. We try.

And, when you make a mistake in real estate, if you use the wrong the strategy, you're on the hook for a mortgage. You might lose you earnest money deposit or something. In a lease purchase, if you do your contracts correctly, you can get out of the deal with minimal lose or liability. You don't have to repair the roof because you don't own the property.



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There are so many advantages to it. And frankly, it gave my family. I know it gave yours. It gives yours a good life. I'm like you. I'm a homeschool dad. Claudia and I always worked from home. We taught the kids from home. We got to travel. We did travel a lot. We love to travel with the kids.

My kids didn't learn about Washington D.C. from a book. We took them there. We took them all along. We took them to Europe like you take your kids. My kids saw the world, saw the United States and saw the Grand Canyon. And while we're travelling, and I know you do this too, I can still do deals still run my business.

Joe: That's amazing too! And, the freedom that this business gives you, there's no other business like it in the world.

Claude: No.

Joe: And, there are a lot of different strategies in real estate investing. And, in this show, we interviewed people that do all kinds of different crazy things. But, I keep on coming back to the basics simple things and keeping this business simple. And, it's all about finding a motivated seller... And, we'll talk about sales in a minute. But, knowing how to sell, how to talk to sellers and sell. But then, everybody seems like is chasing all of the deals with a ton of equity to either fix-and-flip or to wholesale, the traditional wholesaling way.

But, so many investors are just ignoring the properties that maybe don't have as much equity or would be a perfect lease options candidate. So, if you look at like 100 seller leads that come in, if you make an offer like 90% of investors do to buy the house, you're only looking at maybe 10% of those 100 leads that will actually maybe even fit the traditional wholesaling model, right?

But, what about those other 90? I mean, maybe 30 or 40 of them were just complete junk, but they're still then like 30, 40% of those leads in there that you could tie up as a lease purchase and do something with. And, a lot of times... The beautiful thing about it is you don't have to find the seller in the crappiest, ugliest neighborhoods that just only a landlord would want to buy.



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And, you can take these sellers where most investors are throwing those leads in the trash. You can now offer something to them that they could maybe accept or maybe work with and make great amount of money tying these things up with lease purchasing and either holding them for yourself or flipping them and wholesaling them to tenant buyers.

So, there are a lot of different strategies and I love... I think you nailed it on the head when you talked about lease purchasing. It's one of the greatest strategies available to investors today because there's very little risk. You can control property without owning property. And, if you've been in this business long enough, you'll learn pretty quickly that risk is something that you want to avoid at all costs, right?

Claude: Yeah, the thing is you said a word that's really important, offer. I make a lot of offers to people. And, one of my hard rules, you heard it in Hawaii at the workshop. You got to talk. You have to speak to five new prospects a day.

Joe: Every day.

Claude: Buyers, sellers and you could submit offers. Something I teach is letters of intent, a simple one page offer. You don't have to write an 18-page. Just find a way to get a dialogue going with people. I'm always sending offers out to people. Some people call me back mad, "Oh, this a crazy offer." I don't care. I just want to talk and speak with people. The definition of marketing is one word. You know what that is, Joe?

Joe: No.

Claude: It's reaction. I want to get reactions out there. And lease purchasing, the beautiful thing is it's fresh. It's still a niche or a sub-niche. And, people don't make these offers like they should. When I go to people, I say two very important words. And, for you folks at home who are taking notes, I want you to write down these two words, price or terms.

That's three words, but price, terms. Okay, sometime I can get a price in lease purchasing. Sometimes I can get terms. Sometimes I can get a hybrid, okay? If I can get



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the right price with the right terms in a lease purchase, it's wonderful because then I create a spread and I can sandwich lease it. If somebody wants full price like you said earlier, Joe, I'll give them full price. I never argue with people about that stuff. Because as you said, not everybody is desperate or motivated.

And I'll say, "Hey Mr. and Mrs. Prospect, if I give you full price for your property, can you be flexible in the terms? And if you can give me terms we can do a deal today." And, I'm going to send you an agreement today and look it over. Let's have an appointment at 4:30 this evening and it's okay to say no to me, all right? We want to have a win-win deal here. Boom!

I don't beat people up. I don't get argumentative because in gut selling, the power of persuasion is about getting to the big T. and that's called trust, okay? And, when we have trust, when we have likeability, when we have a mutual respect, you do deals, man! You do a lot of deals.

In some deals, I make a little money and some deals, I make a lot of money. But, at the end of the month or the end of the year, it's a lot of money because it's cumulative. It's a lot of different option fees, positive cash flow - my daughter's first three words, money at the end of the deal, note... Hey, you can teach a kid worst things, right? Okay, you know who she works for today?

Joe: Apple.

Claude: She works for Apple, the richest corporation in the world. Maybe, we did something right. My son who is 24 is on his way to a six-figure salary right now with Safeway Corporation. He's only 24 years old.

Joe: Wow! Good for him.

Claude: He's running a multi-million dollars facility. So, teaching kids... At my kitchen table at dinner table, we were never scared to talk to the kids about saving money, paying your



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bills, having good credit. And, I know there's anything about you shouldn't discuss business and things like that in front of the kids. We always discuss that with the kids.

Joe: Yeah, all right.

Claude: And, my kids have good credit. They have savings and they're debt free and they both have great careers. So, you parents out there, make your children fiscally mature.

Joe: Yeah, that's good.

Claude: Absolutely.

Joe: That's one thing I like about lease purchasing is that you're not having to negotiate and beat sellers up on price. Because sometimes, that's just... It's hard to do, right? I mean, if you have to constantly day in day out make offers at \$0.40, \$0.50 on the dollar...

Claude: Yeah, you can do it.

Joe: That's not that much fun. That's not much fun.

Claude: You can have fun. No, you can! Listen, you go into a phone call. This is the problem with a lot of the gurus in the seminars out there. They're saying, "Pick up the phone, call people up and find that poor miserable slob who's going to give you 30, 40% under market because they're in a bad situation or whatever."

Now, that's if you can do deals like that once in a while. That's fine. But, can you them on regular basis? No. You better have a strategy that is flexible enough to give, to work with full price or lower price, the motivated or the unmotivated seller. You're not going to work with everybody, but if you work with or if you just trying to find that guy with 30, 40% in the market, man, you're going to starve.

Joe: Oh, yeah. And, if you give me or Claude a 100 leads, we could probably turn at least 10 deals out of that as compared to a normal investor who may only be able to convert one or two leads out of the 100. Do you understand what I'm saying? So, it's about having



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more options to the seller. And, it's not... There's some negotiating going back and forth a little bit, but it's not like... It's just saying, "Mr. Seller, what do you need?" Right?

Claude: Yeah, what a wonderful question.

Joe: And, maybe we can get that for you. So, if you can structure creatively, there's really easy ways to structure these deals so that the seller wins, you win, everybody wins.

Claude: Yeah, my goal is to always... "Is this a deal that I can make some money up front? I can make some money every month? Can I assign or wholesale the deal to somebody else? Can I create a note so I have passive income? Is there a way to do this?" One of my key strategy... Let's give them a good tip here. One of my key strategies is to always have buyers ahead of time.

That's buyers or investors ahead of time. So, when I call up prospects, the first thing you got to do on the phone, ladies and gentlemen... Let's get a little into guts here, Joe with lease purchasing. ...Is you got to get somebody's attention. If you call them up and read the boiler... I hate scripts by the way. Everybody knows me. I'm the anti-script guru. Okay, you got to call people up and get their attention, get their respect and their interest.

If you call them up like 99% of the people do, "Hi there, I want to ask you a few questions about your house" and you have this... And, they either reject you really hard like, "You're the tenth person to call me. Stop bothering me. Click." Or, you talk to them for 45 minutes and you find out they don't want to do it. It's a waste of time. And also, it's hard to stay motivated when people are rejecting you. But, when I call people up, I say, "Mr. Prospect..." Let's role play, Joe.

Joe: Yeah.

Claude: Mr. McCall, how are you? Hi, Claude Diamond here. Your property is sold already, isn't it, sir?



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Joe: No, it's still available.

Claude: My name is Claude Diamond. I'm with CC&R Property Investments in San Diego here. A gentleman contacted me. Him and his wife have \$25,000 and they're looking to buy a house as soon as possible. Would you be willing to sell me your house at close to your asking price if it's fair? With \$25,000 down, if we can do a rent to own or a lease purchase today, would you have that flexibility sir? It's okay to say no to me.

Joe: Well, I just like to sell it. I don't... If I'm interested in...

Claude: Okay, I just like to buy it. Well, so, before I go, I just want to repeat what I said. \$25,000 down and if they can rent your house for 18 months, I can give you close to your asking price. What would you like to do sir before I go?

Joe: So, they would put \$25,000 down? I would...

Claude: Suppose I said yes, how would you feel about that?

Joe: Well, how long would I have to rent it for?

Claude: Minimum 18 months. They've been checked out by our mortgage lender. They probably need 12. I'd like to make it 18 just to be sure. They qualify under the VA program but they need a little time to take care of some debts they have. This is a military couple. They need a home right now. They're living in the base barracks.

Joe: Well, what if they don't buy it though? What will happen?

Claude: If they don't buy it, you get the house back. Have you heard the word "appreciation" over there in St Louis, Mr. McCall?

Joe: Yeah, a little bit.

Claude: You would continue... You would get the tax benefits. You would get the money to help you pay your mortgage if you have one and you would get any appreciation if they



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decide not to exercise the option. Plus, I'm not a Realtor. You don't have to pay me six percent either, sir.

Joe: Well, I need to think about it. Can you send me some information about it so I can look it over?

Claude: You're not allowed to think about it sir. I don't want to put my feelings ahead of yours. Why don't we say no at this point? I have plenty of other people I need to call.

Joe: Well, I might be interested. Can you tell me a little bit about like how long have you been doing this? And, can you give me some client referrals or testimonials or...?

Claude: I can give you anything you want, sir. But, let's do it this way because time is money and I have other people to call because I need to put this couple in a home. I will send you some information and you can get back. If you want to get back to me later this afternoon, that's fine. However, this couple might be gone by then.

Joe: Okay. Well, I'll look it over. I appreciate the call.

Claude: Can you get back to me before 4:30 this afternoon, sir?

Joe: Well, I need to talk about it with my wife?

Claude: I just talked with my wife. She said it's okay to sell to you.

Joe: Well, I'll try.

Claude: Why don't we just say? You know what Mr. McCall? Why don't we just say no. You sound like a nice man but you don't really want to do anything like this and I understand that. Would you mind if I follow up with you in a month or two when maybe I get another couple or somebody else and maybe we can do a different kind of transaction?

Joe: Okay, that would be fine.



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- Claude:** You're a gentleman, sir. It was a pleasure to meet you. Buh-bye.
- Joe:** Thank you. So, I made it a little harder for you.
- Claude:** Yeah, what did I do? I fired you.
- Joe:** Yeah.
- Claude:** I'm not, my nickname is "One Call Closed Claude."
- Joe:** Because we're in business to make money today.
- Claude:** We're in business to make money today. There is no tomorrow. The person who says, "I'll think about it. I got to talk to my wife." Why is he saying that, Joe? What's the psychology going on there?
- Joe:** Sometimes he's too afraid to say no.
- Claude:** You're right. You're right. And you know what? He really... What's the likelihood he's going to change his mind?
- Joe:** Not.
- Claude:** Not.
- Joe:** You would still send him something in the mail if you had his address, right?
- Claude:** Let me tell you right now. You use Podio. I use Evernote. It doesn't really matter. You can use your notebook. I'm going to put him in. I'm going to write all my notes: Joe McCall, house - \$200,000, \$25,000 mortgage, payments \$1,500, reluctant to a lease purchase. I put the date, the time. Maybe I have a recording if I did it at Skype or something. I'm going to put it into Evernote. You put it into Podio and I'm going to put a calendar trigger in there to call him in 30 days. And now, am I a better sales person because I have this information in front of me?



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Joe: Yeah.

Claude: And, I call you back, “Hi, Mr. McCall, you and I spoke about a month or six weeks ago. You probably don’t remember me. My name is Claude Diamond. How are you, sir?”

Joe: Oh, good. Thanks.

Claude: Joe, can I call you, Joe? I’m Claude.

Joe: Yes, yes.

Claude: Joe, you must have sold that home. You told me you and your family are moving to San Diego?

Joe: No, unfortunately, we’ve not sold it yet.

Claude: Okay. No rush though, you’re living in the home. If you sell it in the next six months or six years, that’s the plan, right?

Joe: Well, we’ve recently moved, I had to get... I was relocated down to Florida.

Claude: Oh, you’re in Florida now. What’s going on with your house if you don’t mind me asking?

Joe: Well, it’s vacant now. The realtor promised us that we’d be able to sell it or at least made it sound really like it would be easy to do and we just haven’t been able to get what we want out of it. We’ve been dropping our price. We just really would like to sell it.

Claude: You know what? Who are you working with? Century 21, RE/MAX, Keller Williams?

Joe: Yeah.

Claude: Good people.



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- Joe:** Century 21.
- Claude:** Whichever one.
- Joe:** Right, right.
- Claude:** Good people. And, if they... And, this isn't costing you anything, right?
- Joe:** Yeah, I have to pay a commission.
- Claude:** Oh, but is your house free and clear? You don't have a mortgage or pay taxes on it, do you? Or utility still and things and home owner fees and...?
- Joe:** Yeah, unfortunately, we still owe some money on it. Yeah.
- Claude:** So, a lot of money is going down the toilet every month? Round numbers \$1,000, \$2,000?
- Joe:** \$1,500 a month.
- Claude:** \$1,500 a month. You're not married. Did you say you are married?
- Joe:** Yes, I'm married.
- Claude:** My wife would kill me. How are you dealing with it? If I told my wife I was losing 1,500 a month on a house or on a property, boy would she...? I'd be sleeping on that couch maybe.
- Joe:** Well, yeah, the couch is getting worn right now.
- Claude:** Okay. Well, that's a lot of money. You can take a vacation to Prague. I mean, with all those months, it's been empty. Suppose I could help you move this property in the next 30 days for a reasonable sales price with a good couple who's been prequalified and can buy your house in two years?



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- Joe:** So, they would lease it for a couple of years and then buy it?
- Claude:** That would be the plan sir. And, they're prequalified. We had them checked out. They have good credit. They can put some money down up front. If I could do something like that, you wouldn't want to do that, would you? You said no to me last time and it's okay to say no again.
- Joe:** I don't know if I want to be a landlord. I don't know if I have many options.
- Claude:** Well, before I go, the nice thing about a rent to own is that they're obligated to pay on time to get something we call rent credit which is an incentive. They're also required to mow the lawn and keep the property in tip-top shape. So, a lot of the traditional problems of the tenant are not there with a rent to own. You're dealing with someone a little higher on the food chain, Joe.
- Joe:** Okay, so...
- Claude:** Does that's make any sense? I mean, if you don't want to do this and it's uncomfortable, it's okay. I just thought I touch base with you because I have another couple that needs a home in St Louis?
- Joe:** Well, how do you get paid? What's in it for you? I don't understand that?
- Claude:** That's a great question. Thank you for asking. They have \$25,000 to put down. I get 50% of that for putting this transaction together.
- Joe:** Okay, so...
- Claude:** And, that's a great deal of money. Are you comfortable with that?
- Joe:** Yeah, sure. What about the Realtor though? I still have three months left in the listing. Can I just give you her name and number and you can call her and talk to her?
- Claude:** Why?



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Joe: I don't know.

Claude: That's your contract for sale with the Realtor. Whatever you negotiated with your Realtor and your contract, that's your obligation. But, you and I are talking about something else.

Joe: So, would I still have to pay my agent a commission if I do this lease purchase thing or...?

Claude: I don't know. What did you put in your contract, Joe? I didn't see it. Would you like me to look it over?

Joe: Sure, yeah. I can send it to you.

Claude: Okay. So, what would happen at 4:30 today when I send you a rent on agreement?

Joe: Well, I'll look it over. When do I have make a decision by?

Claude: 4:30.

Joe: 4:30 today?

Claude: Yes.

Joe: I got to talk to my wife.

Claude: Okay, talk to you wife. I hope you spoke with her last time. You said you would.

Joe: Yeah. Well, I'm interested. I'm trying to drag it down as long as I can.

Claude: I noticed that. This thing can go. These role plays, I do them at my workshops and things like that and sometimes they just go on and on. And, my thing is if you notice in the role play off the role play right now, every word I use is for a reason. It's for to gain a psychological advantage, persuasion is about... Persuasion and influence is about likeability and trust. I'm trying to get commitments. I'm trying to get the word yes or I'm



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trying to get it over. I'm trying to qualify you and get information. I'm trying to derive a need or greed from you. That's why I was teasing you about sleeping on the couch and \$1,500 a month. That's your motivator. That's your pain if you will.

Joe: Yeah.

Claude: That's the reason you're going to do business with me today. But, if you're going to do the "I'll think about it" game, "Talk to my spouse stuff" and everything, 90% of the time that's someone that they're really saying no to me. That's what I hear. And, at that point, I'm going to, very politely, I might send them a letter of intent. I might set up my Evernote to follow with them in 30 days. But, at that point, I'm not going to waste my time. Do you notice Joe that time becomes more valuable the longer you're in this business?

Joe: Well, yeah. And, do you have one of those hour glasses?

Claude: Oh, I got them right here. I have two.

Joe: The five-minute glass?

Claude: No, these are three-minute glass. You know where I get this idea from?

Joe: Max.

Claude: No, my honeymoons. I bought two of them though. No, that's a bad joke. Actually, my three minutes... Honey, you're not listening to that. Yeah, she is. Basically, in three minutes or five or ten, it doesn't matter, it's a reminder that you don't want to be 45 minutes on the phone with somebody doing free consulting all day long.

Joe: Yeah, you should know it in three to five minutes whether they're ready to do business today or not, right?

Claude: You can just tell by their demeanor. You've got... And, the thing about guts is it allows me to be confident and it allows me to be in control. If I have enough good



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conversations, just like you and I are doing role play, guess what happens? I do deals. I get new customers new deals, new buyers, new sellers, new people for my mentoring program, things like that and all that stuff by just speaking to enough people and getting the information, getting commitment and discovering “Do they have a need for my product or service or house?” Or “Can they afford it? Do they have the money or the control of the house?”

And, “Can they make a decision? Do they have the character and the authority to make a decision?” And, if I can find these things out in a few minutes up front, I’m in the selling vortex. I’m in the kill zone. I’m in the place where I can do deals. And, I think there are a lot of folks out there, they understand... They’re very hot... They work so hard at this business, Joe. And, they want to succeed and they want their own business. But then, when they get on the phone, that’s where it kind of falls apart because they don’t have a system of selling like you and I just did in the role play.

Joe:

Well, it’s important to know that too because it’s one thing to get your phone to ring and that’s easy to do, really! You send out the marketing, the calls come in. But, knowing what to say to sellers when they call, no matter what kind of strategy you’re using, whether it’s buy-and-hold, to fix and flip or short sales or rehabbing or wholesaling or lease purchasing, you have to know how to talk to sellers and it’s not that hard. It just takes a little practice.

And, if anything... I know you don’t like scripts. But, what I like to do is I like to write down at least the questions like, “If I can do this, what would you want to do then?” Or “What’s your situation? Why would you even want to sell that house? It sounds like a really nice house, why haven’t you sold it yet?” If you can write down simple questions like that, that will help you kind of jog your memories as you’re talking to the sellers.

But, the whole point is you need to learn how to, with finesse, say approach it where, “Listen, we want to do this deal today,” and giving that sense of urgency. And, if they’re not, that’s fine. But then, what’s equally important I think as well is having the systems in place to do the follow-up. I like to send a letter of an offer to every seller I talk to no



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matter how far apart we are in price. And then, call them again a month or two or three later, right?

Claude:

It's a lot of different pieces of the puzzle to make. First, you got to have a strategy that is legal, that solves a problem, that's kind of a win-win. You've got... So, wholesale lease options, fix up, rehab, wholesale, whatever you want to call it, you got to have a strategy.

Second, you've got to have marketing. You've got to be able to find the people and have them find you. That's one of my new topics, by the way, here in 2015. Everything in 2015 has changed. Maybe when we talk in another podcast, we'll talk more about our virtual attraction marketing. It's something I'm working on where I get all the leads that I want and the people and the emails come in to me every day.

The other thing we need is a system of organization as you just said because we talk to a lot of people. We get tons of information and numbers and locations. There's no way anyone can remember it all. You better have something like Podio or Evernote or just some system like OneNote, whatever you use to store that information and remind you to follow up. I also use video emails that I follow up with people. I send letters of intent which I attach to these videos emails.

But, to me the number one thing... You can be disorganized and still do deals and you can do different strategies. You got to be superb in communication and understanding the psychology of selling. What makes people buy? Why do people...? Why will people like you and trust you and want to do business with you when there's hundreds, thousand, tens of thousands of other people trying to do the same thing? Why do they do business with Joe McCall or Claude Diamond? Why?

And, that's because we know how to speak to people and they have a feeling that we're someone who can solve their problems, someone they can trust and someone who keeps their commitments to him. You got to convey the power of persuasion and the ability to communicate to people to me is the million-dollar skill. And, you've got to



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practice it and you got to learn it. Otherwise, it doesn't matter how many good leads you have or how organized you are, Joe.

Joe: Well said! And, this might be a little good point to wrap this up, Claude. I just wanted to shoot the breeze with you for a little bit.

Claude: I don't want to go. This is too much fun, man. I love talking to you. I love your podcasts by the way. I listen to them religiously. I always pick up a couple of good ideas from all these other speakers.

Joe: I'm humbled by that guys because...

Claude: It's true.

Joe: Claude has been in the business for a long time. He's one of my mentors and coaches and to hear him say that is just so cool. It makes me smile. But, So, Claude, we're going to do another conversation here in a couple of days and we will release it hopefully next on the podcast. But, I just wanted... I know I've interviewed you a couple of times before. Guys, if you want to get more information about Claude, go to ClaudeDiamond.com, gutsales.com, go to YouTube. There's a video on YouTube that Claude and I did together...

Claude: It has gone viral dude. It's exploding.

Joe: It was about?

Claude: It's where you and made that cold call.

Joe: Yes, yes. So, I had a lead and on the lead... It was from an Internet marketing lead that I had and the seller had a house and wanted to sell. So, Claude and I were just talking and he said, "Hey, let's call the seller right now." So, I started giving him all the information and he said, "No, no, no. Stop, stop! Just give me the phone number." So, all he had was the phone number and we recorded this conversation while I was in my car and Claude



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actually just talked to the seller. It's so simple, but if you listen to the little subtle things that he did in there. It's a great call, but you can go to YouTube and just find that.

If you go search for a "Claude Diamond cold call" or "Claude Diamond Joe McCall," you'll find that video in YouTube and it's a great little video. I still... We did that like three years ago or four years ago?

Claude: Yeah! And, it's amazing! I have people from other countries call me up and say, "Oh, I never saw a video like this before." Because we did... I think someone once said "I would rather be lucky than good or whatever or skilled."

Joe: Yeah, yeah.

Claude: We were very lucky that day. I had a very nice seller. I was able to demonstrate guts. The amazing thing was it was totally unrehearsed, unplanned and it was the first phone call... We only did one call. And, it was that call where we got this really great guy who was motivated and everything. And, it's a good example of using gut sales. Joe, thank you so much. This is always... This is too much fun dude.

Joe: All right, Claude. Well, we'll talk again real soon. Everybody go to RealEstateInvestingMastery.com to get the show notes of this, to get our Fast Cash Survival Kit. Leave us a review on iTunes. Let us know on iTunes that you like this guy, Claude and we will appreciate the positive feedback. But, Claude and I will be talking with you again real soon so stay tuned for that. See you, everybody.

Claude: Big bye! Be good, Buh-bye.