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Real Estate Investing Mastery Podcast

We Love Lease Options

Hosted by: Joe McCall

Featuring Special Guest: John Jackson

- Intro:** Welcome, this is the Real Estate Investing Mastery Podcast.
- Joe:** Hey everybody, welcome this is the Real Estate Investing Mastery Podcast, and I'm coming at you live from the Real Estate Investing Mastery studios in my office in St. Louis, Missouri.
- Alex:** Nice.
- Joe:** Yeah, how's that?
- Alex:** That's unspeakable.
- Joe:** Professional with my golden mic.
- Alex:** Did you get a new mic?
- Joe:** No, it's a headset. I got this cheap \$20 headset from Wal-Mart or Target or something like that. But anyway it sounds good, and Rush Limbaugh does it. I don't even listen... I used to listen to Rush Limbaugh all the time Alex.
- Alex:** No more?
- Joe:** No more. I just... he just kind of got on my nerves. Hearing people complain all the time, that's why I love this show, and that's I love podcasting is because we can talk about real estate. We can talk about whatever we want. We don't have to talk about politics and...
- Alex:** The world falling apart.



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Joe: Yeah and it used to be when I drove a lot I would listen to talk radio. But now you can actually listen to two...

Alex: I actually listen to our podcast when I'm driving.

Joe: Do you really? No you don't.

Alex: I'm just...

Joe: If you ever listen to one of our podcast.

Alex: Yeah sure.

Joe: Well okay. Good so, how are you, Alex?

Alex: I'm good man, I'm good. It's good to have you back here from the outer skirts of the world.

Joe: Yeah, it's crazy. We've been back a week and a half now, kind of adjusting; I think we finally got on to the normal sleep schedule.

Alex: Oh man, that's got to be something.

Joe: It was harder adjusting to the time zone change going to Europe than it was coming back. But for the first few days, almost a week, our kids would get up like four in the morning, five in the morning, then it came six. That's kind of better, but yeah we are glad to be back. We really missed our church. We go to our church in St. Louis called St. Louis Family Church and we have a lot of good friends there, a lot of opportunities to volunteer and serve. So we are glad to be back and got back in time to see the...

Alex: No place like home, right?

Joe: Yeah, yeah, yeah. Anyway so we got back in time to see the Cardinals and the play offs. So I'm excited seeing the Cardinals games this year.



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Alex: Oh okay, all right. Now, here I'll say something nonrealistic really you shared up a baseball thing. I'm actually a Mets fan.

Joe: Oh good for you. They are in the play offs this year, right.

Alex: They are believe it or not.

Joe: I did not know you are even a baseball fan.

Alex: Well, I grew up on Long Island in New York and that was my team.

Joe: How about that. So this is a... we are not a baseball podcast.

Alex: We are not a baseball podcast.

Joe: No, I better stop, better change the subject. So guys at RealEstateInvestingMastery.com, you can get our fast cash survival kit, and transcriptions of the show, show notes, free cool stuff. Leave us a review on iTunes. I haven't looked at our reviews in iTunes in a while.

Alex: We need to do that.

Joe: I'll pull it up here as we introduce our guest. But real quick Alex, you got any deals you are working on right now?

Alex: Oh yeah. There's actually a deal that... actually I might have shared this on one of the previous podcasts where the seller called me. I thought he was just trying to call me to get me in a bidding war and jack up the price on me and all that stuff. Shame on me for not calling him back, but I finally did and he's like, "Well, we had an offer for a slightly higher than yours, but we want to go with you because we feel that you are going to be able to get the job done on this for sure." So I go, "Okay great." So I put the property under contract for \$105. I basically ripped out the carpets off the hard wood floors. I had somebody go in do a light trash out because really there wasn't a lot in there. Listed the property for \$199 and we got an offer yesterday for \$190.



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- Joe:** Wow, so how much did you get it for again?
- Alex:** \$105.
- Joe:** I wasn't paying attention, sorry.
- Alex:** Yeah, well, you got to pay attention Joe. We are talking money.
- Joe:** Good for you.
- Alex:** So it will be a good deal.
- Joe:** Good for you. Are you still doing a lot of marketing? Are you slowing things down a little bit?
- Alex:** Oh yeah. Yeah, you got to keep the marketing train going.
- Joe:** So we are going to be interviewing...
- Alex:** Online with 1-800-FAIR-OFFER and offline with postcards and using the 1-800-FAIR-OFFER brand. Yeah man, definitely.
- Joe:** You know I was talking to some guy wholesalers in St. Louis the other day about bandit signs. And you know what bandit signs; these guys are still getting deals from bandit signs. And how cool would it be if...
- Alex:** How bad is it over there though with bandit signs where they'll come in and make your life miserable for you.
- Joe:** Well this one guy was talking about how he's been summoned before the county court a couple of times. He just pays his fine and he goes on business as usual. But you know there are some cities where he just would not do signs because they put the fear of God in him.



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Alex: Oh yeah you got to be careful. There was a guy locally here who I heard actually got arrested for his bandit signs, because he was very elusive with his numbers and nobody could find out who he was except the only mistake he made was he put the same exact number on his bandit sign on his car. And they found him that way.

Joe: Well you know I was going to say, I was going to say wouldn't be cool if you could have 800-fair-offer and put that on your bandit signs.

Alex: Well, I think that's quite easily found. If your county doesn't look too keenly on bandit signs. I'd be getting all kinds of calls because all the calls filter eventually through our system. So I would be getting calls from all kinds of municipalities if that was going on.

Joe: Well, and then you would have to ... they'd probably subpoena you and you would have to...

Alex: Yeah, who wants to do that?

Joe: Yeah, so anyway there are some underground investors who are breaking the law, doing bandit signs and making a lot of money. Is it worth it?

Alex: I think you got to keep the law. That's what I would recommend on this podcast right here, right now.

Joe: Yes, we are not attorneys, we don't give legal advice, but yeah, I'm not doing bandit signs. I don't know if I have the cohanes to do that. Some guys are into that and do it and God bless them, so leave it at that. So I did... we have one review. I'm going to read it here. It's from flogirl777 real estate mastery, five stars. "This is an excellent podcast that gives detailed education information that can be used in an easy to understand way. I highly recommend it and I look forward to these podcasts. Thank you for the chance to hear from you guys." So I appreciate that flogirl777.

If you like the show guys please leave us a review. And leave us a review before you listen to this podcast because after our guest John Jackson, you probably would not



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want to leave us new reviews. I'm just kidding because I always give our friend John Jackson a hard time. He deserves it. He deserves it.

John: I do. I do.

Joe: John Jackson ladies and gentlemen is a good friend of mine and I will stand by him as my friend even though he gets himself in trouble sometimes with his really stupid sexist jokes.

Alex: Oh, we got to watch that.

John: Here we go.

Joe: So, I'll just preface our interview with don't take him seriously, I'm just kidding. That's not nice. John is a good friend and one of my early mentors. He got me started in this business.

Alex: Wow, I did not know that.

Joe: Yeah, it was in 2008. I was...

John: 2009, October 2009.

Joe: Yeah. Well I quit my job in the summer, spring or summer of 2009 and I contacted John. He was one of the first guys I contacted because this was a guy who was doing what I wanted to do full time from his house in Dallas, Texas, DFW area. So I contacted him. I said, "Hey listen, I know you do these workshops once in a while. But I can't go on your next dates. Can I just pay you some money and hang out with you for a day or two, just hang out with you?" And he said yeah.

So I hang out with John and I was so impressed with how he ran his business for a couple of reasons. Number one, he was always setting up his buyers and the sellers in win-win situations. Very ethical above board, if the deal is not a win-win for everybody involved, you just don't do it. And number two, he kept everything really simple and



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professional. He didn't... you don't have to do these slimy sales tactics or play these weird dirty manipulation games to do deals. You can do deals just by being completely honest and making offers and making lots of offers.

John: Who knew?

Joe: Yeah, go figure. I mean, so anyway, I was really impressed by John and we've been friends ever since. I've taken a lot of... I quit my job, many of you know this by flipping lease options. So it was 2008/2009, I was a lurker, on the... there was a forum Alex called the Naked Investor and it's still around. I think John, are you on there much anymore yourself?

John: I haven't been there in forever Joe, but I believe Michael still runs it. I don't think it's...

Joe: Quarles? No.

John: No, no, Michael Carbonare. He's down for a minute I mean, not St. Pete, but he's down the Florida area.

Joe: I've never met Michael.

John: What!

Joe: I've never met him.

John: I didn't know that.

Joe: He's a nice guy, a good guy. I think I really made him mad one time over something I forget what, but here's the thing. I don't mean to say anything bad about... you guys should check out the forum. You should check out the Naked-Investor.com if you are interested in lease purchasing, because that's one of the websites you can go to, to get more information about flipping lease options. He calls it cooperative assignments, I think. Is that right John?



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- John:** Yeah, they call it cooperative assignment or CAs on that forum. Again, I haven't been there forever and ever, but Michael's the one that kind of helped get me going as well years and years and years ago, back in 2002 I think is when I kind of started kind of trolling his forum. He was much more active then, now obviously the big boys, Bigger Pockets. Yeah, go to Naked Investor. Michael still mentors I believe. Last I talked to... last we communicated, it's been a while, I think he was looking to move ... he was considering moving overseas like to Italy or something I think.
- Alex:** Wow.
- Joe:** Oh I love Italy.
- John:** Yeah, I don't know what's going on there.
- Joe:** I love Italy; in fact, I think I've said this before, if they serve dinners in heaven, they will be catered by Italians. I'm 100% convinced to that. We loved it.
- Alex:** I am part of Italian Joe, I don't know if you knew that.
- John:** I didn't know Italians went to heaven.
- Alex:** There is the first one.
- John:** It's a fast bomb inside.
- Joe:** Here we go. So, if you have any complaints about this show just... John's email address is John@... So... cool now. That's kind of my introduction into lease options world. I was on Naked Investor, made sure that my... I was in incognito mode in my browsers if you know what I mean by that, because I always felt like petrified that I was on Naked Investor and something was going to... somebody was going to find out that I was on this bad website.
- John:** Do you know what that... I know we've got... what do we have? Like a 3-hour podcast here, is that right?



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Joe: No, we just like long introductions, John.

John: Well, do you know how Naked Investor how we got that name?

Joe: It has to do with like naked options or something, doesn't it? Which is a financial term.

John: No, actually it doesn't. With your naked options is a financial term is when you are selling us an option you don't own, but anyway the way he got the name Naked Investor is he was trying to figure how to teach people lease options. And he was watching some cooking show called the Naked Chef.

Joe: That's right. I remember it.

John: And it's where he just had the basics stuff, you've got to create something, something like that.

Joe: But the chef isn't naked. Everybody needs to know that.

John: Oh, yeah. You are fully clothed.

Joe: That's right. I remember hearing him saying that. At the cooking show it was about how to do cooking with like the most bare ingredients, right?

John: I think so. So he said, "You know what, I'm going to name this the Naked Investor." And that's how it came about.

Joe: So I was doing deals. I was doing a lot of regular wholesaling. I asked myself the question why can't I wholesale lease options. So I started flipping lease options. And I kind of took my own twist on things. I was doing them differently than almost anybody else was at the time. So I started teaching this stuff. I started working with Wendy Patton and did really well for about four or five years. I would say four years, that's pretty much all I was doing, I was just flipping lease options.



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The last couple of years I've been doing more traditional regular wholesaling, but it's been my bread and butter. I love lease options. Believe it or not, I know some of you guys that are seasoned investors that have been in this business for a long time look down on your noses at lease options and I don't know why. But they are great ways to tie up properties and do deals and make a lot of money in the process. So that was a long introduction I think, but John how are you?

John: Man, Joe, I am doing fantastic, Alex, good to have you here on the line as well. By the way, are we not doing video because I got my camera set up? I even brushed my teeth.

Joe: No, that's why we are not doing video John. The reason why we are not doing video is because you are on the show.

John: Man, I'm doing fantastic. Let me ask you this guys real quickly and I should have asked before the show; is my audio okay because I can turn it down or up? Does that sound good?

Joe: Yeah you sound great.

John: Okay, because I've got a whole mic set up and sound bored and I just want to make sure I get the levels right. Joe, I am doing fantastic. I am pumped about this podcast and the reason is just the timing of it. You and I talked briefly before the call, but I'm so stoked by it, because the last two years I've been travelling like nobody's business, and got back two weeks ago off the road and realized I only have like two properties in the pipeline.

Joe: Let's talk about what you were doing on the road. What were you doing on the road?

John: Almost two years ago now, Ron LeGrand found out who I was because he was telling everybody you can't do lease options in Texas. And he found out who I was. The whole conversation was kind of funny. "John, it's Ron LeGrand. I send you the guy in Texas." I'm looking around in my office going, "Huh?" And he said, "He can't get a non-refundable blah, blah, blah." It's actually not true. "That's what my attorneys told me."



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"It's not true. They didn't read ... that's just not true." So I explained a lot to him. He said, send me what you have. So I actually sent him my information on tax liens options.

The guy called me back the next day and said, what about section 5.0 – What was it, I don't know. He was asking me specific section about the law. I was very impressed. The guy knows his stuff. Yes he's great at marketing and this and that and sales, but the guy does his homework. He's on the... he read the law more than attorneys did. I was like, "I'm actually impressed." So I put him... he wanted to talk to my attorney. I put him in touch with him. The next thing you know, he says, "All right John, you are going to be here, here and here speaking." Next thing you know, I'm on the road.

He kind of pushed me on to the stage and getting back into the event arena if that makes sense, because I was just doing deals and the only training I was doing was like... I scaled it on just like some web based training. Two webinars a month, blah, blah, blah I stay at home. So I spent the last almost two years doing events and basically having to build a training system. I mean a training business if that makes sense. We were pumping out CDs and all that stuff, the whole guru stuff, if you will, and traveling, and this and that.

That's what I've been doing the last couple of years and almost two years, and it just... I enjoy meeting the people and speaking and this and that, but when you wake up and you don't know where you are, that's not fun. I mean, Joe you said something. Last time I saw you Joe was in January of this year in Dallas, and you said something that really hit home with me because that's exactly what I was thinking. You said something to the effect of I think I'm done speaking. And I don't know if you still speak or not.

Joe: I don't travel. No I don't travel like I used to.

John: And I'm just kind of... that hit me because I was going through a bunch of stuff. And I'll just be honest with everybody on the podcast, there was a time where I sat in a hotel room by myself, because I hadn't left for three days because I couldn't let people to clean the room because I've got \$10,000 worth of equipment with me and I'm not just going to leave that alone.



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And you are just sitting there, and you get tired of having room service and you almost have a mental breakdown if that makes sense. Like what am I doing? I'm missing all the stuff that my kids are going to all these events, and this and that. I was like, you know what, I'm done. I'm just done. So I've got one last, I don't know when this podcast will get broadcast but I've got one last event coming up in October. I have nothing; I have no events planned for next year. After this event, I'll kind of...

Alex: How old are the kids?

John: The ones that I know about?

Joe: Here we go.

John: They are 15 and 12. I've got two little girls.

Joe: All right, 15 and 12.

John: So you've got like a horse back competition whether be gymnastics or band and marching band, all these events that I'm missing because I'm sitting by myself like a homeless guy in a hotel room. My guess is this isn't fun, there are a whole lot of stories I can tell which I won't say in this podcast, it's not for everybody.

Joe: No there's a lot that and you don't make as much money as you might think you will either and when you travel and you circuit and selling information and courses and stuff. It's hard and there are a few people that do it really well, like Ron LeGrand. Yeah he does it really well, he is a great sales man, and God bless him for doing that right? He has helped to make a ton of people very-very wealthy in this business. But it's really hard to do it like that.

John: You are exactly right Joe on all points, when he first found me and I started travelling, about when I first started kind of doing stuff with him. I thought man I want to be like ... this is great finally I'm going to be like Ron LeGrand. Well, after about two months I was I don't want to be like Ron LeGrand and what I mean by that is from the travel aspect



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okay? Well, people don't realize unless you've worked with him, he does a four day event every month. So he is travelling to do those four day events. Well between those events he is travelling to REIAs and speaking and this and that.

So he is gone, I guarantee he is gone at least half a month if not more, probably three weeks out of the month. And unless you've got the four big package system down, you are right Joe it's not the big money. And that's the thing Joe, that's why I got back off the road couple of weeks ago and decided you know what I can make more money doing less work by what I was doing. I'll still teach, but I'm going to revamp, I'll have to re-assess how I approach it.

Joe: So your main website, can we give that away for your deals?

John: No I don't want anybody to find me. Yeah, the main website where I actually do deals and we do them across the country is LeasingToBuy.com.

Alex: Yep, nice website.

Joe: LeasingToBuy.com I remember looking at that site back in 2008, and it hasn't changed at all since then John.

John: Well you know what if it ain't, don't fix it.

Joe: No that's a simple website, and you've done tons and tons of deals with this. And your specialty is lease purchasing. And this is what attracted me to you at the very beginning was in a straight way John because I know what you are thinking.

John: As always.

Joe: What attracted me to your website and your business was how you do keep everything professional, right? And that's been a philosophy of yours for a long time right? You don't typically do the ugly bandit signs, or the ugly yellow postcards and things like that do you?



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John: Well it depends; we do different types of marketing, which we'll get into. What I'm known for is something that would make most people shutter. I'm known for marketing to listed houses, that's what I'm known for.

Joe: Okay there you go.

John: There I said is that fair? There are orphans in the room.

Joe: Do you want to explain that some more or should we pass go on to the next topic?

John: It looks like it's just about our time folks.

Joe: Okay, thanks John thanks Alex.

John: What I do is ... and I don't do this as much as I used to. But what I have been known for is I will target listed houses. The reason is as I was trying to get this going... back in 2003 Joe; there wasn't a whole lot of information about marketing. I don't think Craigslist was around; maybe it was I don't know, I don't think it was.

Joe: If it was, it still looks the same as it does today as well.

John: Oh just like my website.

Joe: Yes.

John: But, I finally, after trying to build a business on my own without really any guidance as far as marketing. I finally thought okay who wants to sell their house, then the light bulb went off. Oh yeah, those people that are still in their house.

Joe: Okay, right.

John: So I would hit them with ... and we've changed our mail pieces over the years. But for listed houses I have got to try full brochures I send them, explains benefits of list purchase kind of plainly, but just kind of a simple brochure to get them to call. And it's



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got my phone number on it, it doesn't go to call Ray or anything like that; it goes to my cell phone. It's got my email address on there, so I'm not trying to hide out from anybody, so it comes right to me.

Joe: Well, let's be clear too you are not telling them to cancel their listing agreements?

John: Exactly no, I'm telling please keep your listing a matter fact because I say the way I approach it to the home owners. Listen if this were my house I would want to have every option available, so please keep your listing. Now you want to let your ... I'm sorry you want to let your agent know they are looking to offer this lease purchase to make sure they know. Now I never talked to the agent, the agent doesn't call me, they didn't get my piece of mail, the owner did. And I don't double check with owner did you call your agent, did you talk to your agent, but I tell them you better talk to your agent let them know, what you are looking to do.

Joe: Okay.

John: And that's kind of it, then so they say okay, let's move forward sign the contracts, put a sign in the yard right next to the agents, put out on our website, boom done.

Joe: Some of these deals these lease purchase deals do you stay in the middle, do you assign them out or?

John: Okay, good question now I'm in Texas, and I'm also known as the Texas lease option guy. I'm barely known when I teach them in Texas. In Texas you cannot do per the law, I'm not saying people don't do it. Per the law you cannot do a sandwich lease option because the seller on a lease option has to have what's called fee simple title, that's how we hold title in Texas. As a matter of fact I think all states except New York and Hawaii hold fee simple title.

Well, in sandwich lease option you as the middle investor are the seller on the B contract, does that makes sense? Well you don't have fee simple title the owner does. So I don't do sandwich lease options and to be honest with you Joe, I don't recommend



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to anybody starting off to start off doing a sublease lease option or a sub-to. You better have some reserves in the bank; you know what I'm saying?

Joe: And you got have a lot of equity in the deal? Not a lot, but Alex and I could talk for an hour about our horror stories of subject-tos and lease options.

Alex: Well, I mean we were victims of the market, and even when the market went down, everybody went down so...

John: I have only done two sublease options, but before the law changed one of them I think I only lost about \$1200. The other one at some right after \$10,000 I stopped counting. And it was the worst most ... you couldn't imagine a bigger disaster. It would have been better if the house would have burned down.

Joe: I have similar stories with rehabs, I have done two rehabs, and I have lost probably a total of \$60 grand on both of those rehabs. But also I was a victim of the market, it wasn't my fault.

John: Yeah, it's never your fault.

Joe: No it's not my fault.

Alex: It's not your fault.

Joe: Okay, so John leasing to buy is like a niche and talk about why you like niches. Why do you like niching down into something like lease options, why don't you do rehabs and regular traditional wholesaling and other things like that?

John: They say the riches is in the niches, and no I do wholesaling, matter of fact we are doing more and more wholesaling now. But for everybody listening to the podcast keep in mind at the end of the day your job ... and Joe you were nailed on the head when you said you are not in the real estate market, you are in the marketing business or something, I forgot how you say it. That's true, so what I teach people is you do this marketing, we do all those marketing, get the phone ring, don't worry about ... well I'm



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only marketing for lease options. No expand your horizon and just do your marketing, you get the founder ring and your job is to help people.

So you get their information and you look at different options, maybe it's a wholesale deal, maybe it's not, maybe it's a lease option deal. You know what I have found Joe, and I don't know what you and Alex find, but I find about when I do marketing to absentee owners, or high-equity, I find probably 60% of those leads maybe a little bit higher they are not wholesale deals. Because they are not desperate, they are like well just kind of calling, well who has an option, we can buy it for cash for X amount or we can do a lease purchase. So I'm just looking different options for them. So I don't just do lease options. I did for years; I'm doing more wholesaling now.

Joe: So your job is... what you are saying is your job is to find sellers; your job is to do marketing and to find motivated sellers. But the cool thing about knowing how to do lease options is they don't have to be drop dead motivated, please take my house away type of seller right?

John: You know what, that is exactly right and I get ... you hear so many people say, oh, I'm trying to find a motivated seller because I'm going to do lease options. Most of my sellers aren't the typical motivated sellers, they just have a house and looking for a plan B. And guys this is important, home owners think plan A is sell for cash okay that's plan A. Unless they sell for cash that can be an actual just as someone who is going to live in the house. Well guess what when they close that house guess what the owner gets cash. So you can close for cash or they think plan B is to rent it out. What they don't know is actually renting it out is plan C, plan B is the lease option. They are going to get full price, no worry about the repairs, get cash for each month, that's plan B and that's what you have to educate them on.

Joe: Right, and so now you are only really doing lease options in nicer homes right, in nicer neighborhoods?

John: Yeah, what I found is that when you do a lease option on a ... as an example Joe a \$60,000 house, the odds of them actually buying the property go down dramatically.



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Over 90% and if however 95%, but over 90% of our buyers buy the properties, because they are nice houses in nice areas and they don't want to lose that money, and we work with them to get them financed in a year.

Joe: That's really important, and this is why I wanted to ... I forgot even to mention, but this is one of the big reasons why I wanted to give John all this money, and spend a couple of days with him back in 2009, is because his track record for turning tenant-buyers into buyers was so high. And 90% and that number is legitimate, John can you explain why that number is so high?

John: The first thing comes to nice houses in nice areas. So if you are dealing with houses in \$60,000, \$70,000, \$80,000 the odds of them buying are ... they are stuck in a rental mentality. If you are going to be working with houses in that price range, those ... you are better off doing the owner finance. Those are not lease option candidates where they actually have the drive and to get things done and get financing. The second thing is we are very strict about our guidelines as far as people getting in, so we look at people as if underneath FHA guidelines DTI debt to income, what's on their report? Do they have any public records, bankruptcy, foreclosures, judgments, that type of thing? So we are really scrutinizing them.

Joe: Some would say well ain't you going to do fewer deals; lease option fewer homes when you have those really strict requirements.

John: Well it's not like you're going to do fewer deals is that you made autonomous fast. So I can turn a house in two weeks if I decide with a heartbeat get in there. If my application consisted of a mirror, hey can you fog this mirror boom you are in. You are going to turn properties slower, a little bit slower but you are going to be working with high end people especially when you get into higher end houses. 280, 300, 350 a lot of people come to me for those higher end houses or self-employed, but they make very good money, they make good income. And we've talked a little bit offline about being self-employed.



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Joe: Well, so you are speaking on traveling around a lot and you kind of were... You were neglecting your deal side of your business a little bit right?

John: Oh yeah.

Joe: So you stopped and turned around and looked and you thought ... you saw that you only have a few deals now left on your website, is that right? So how many did you have?

John: I got off the road a couple of weeks ago, and it was just kind of evaluating everything Joe and saying, okay I have been gone for this last trip. You know how it works Joe, you speak at a real estate group, and maybe you sell \$12,000 for the stuff, well you split that with a REIA group, and then it still takes a 30 days to get their check or whatever. And like man this is boring, what am I doing? I'm in a hotel room by myself, almost having a break down, I can't see my family and I made whatever it was, I'm like man I could have done one deal and not even left my house.

So I was like I got to change things, so here is what's happened, and this is hopefully those that are listening that are just starting off will get a lot of good information here. So I got back a couple of weeks ago, and I said this is boring, I'm changing things, I'm getting my business back on track. I took my eye off the ball and basically to kind of flounder for a couple of years ... almost two years. We still did deals, but nowhere near what we were doing. So I'm having to go back and not reinvent the wheel, but reinvent the business and build it back up. Well in two weeks I have already gotten ... I know we have two more deals that just came up right before I got to this podcast, had another lead coming up that's going to be a solid deal.

And these are lease option deals these particular ones. But just wrapping it back up and I can ... yes, I can do it very quickly because I know what I'm doing, but the point is sometimes you got to stand back and reassess things. So one of the things we are doing is this week I'm bringing on a new VA team, to do very specific things. Guys if you are going to hire VAs, you better know exactly, I mean to the T, exactly what you want them to do. Don't hire a VA just to hire a VA; you better know exactly what you want them to do. Write it out assuming it's something that you would write out like that. And I would



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hire three or four people, guys if you are going to hire VAs, hire three or four and test them for a couple of weeks, and then hire ... I mean fire those that suck and hire the good one.

Something else guys that I do and Joe you may do this with your VAs as well, but I utilize screen flow. Screenflow is from Mac, if you are using a PC guys, Camtasia. But if you are doing something or you need a VA to do something that's web based or going into a website to do something, I record basically a training video on screen flow, or again if you're PC Camtasia. And record it and send it to them so there are no questions I mean just very simple and to the point. So we are hiring a new VA team this week. When you are hiring a VA guys here is what I do, I have got list of things I mean a huge list of things that they can do for me.

But when I first hire them I'm going to give them maybe two to three things to start off with. Get things going, then add the list as you see they can do it, if that make sense. So don't think that you can just blast them with 20 things to do, because they'll get overwhelmed and the effectiveness will go down. Another thing I want to mention is if you are going to hire a VA off of it's on Upwork or Elance, it's all the same company now. But we hire a VA, when you put a job out there guys, this may sound silly, but I actually learned this from Team Ferris, it helps so much.

When you put a job out there for a VA, somewhere in your description maybe even in the second line you need to put this, 'in order for you to reply or in order for your response to be accepted, your first sentence in your reply must be 'I am a human.' The reason for that is when you put a job on Upwork or Elance; these companies overseas are basically scrappers just replying. So you know that the only replies you are going to look at are the ones that start off with 'I'm human,' does that makes sense Joe?

Joe: Well they are also doing what you asked them to do, so they are good at following detail and instructions.

John: Exactly, so it helps sort out these random people. I mean I put job post up for whatever graphics work, and people will reply that have no ... the reply has nothing to do with the



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job. I'm like I don't need a database made, I need some graphics work done. So anyway guys so you are guys starting off, you're hiring Vas, hire three, or four at a time, then fire those that suck. But just give them a couple of jobs to be very-very specific on what you need done. Something else I'm doing Joe that we are bringing on this week, we are going to be hiring drivers. I'll probably who knows, I'll probably hire about four or five and then again fire those that suck.

But they will be doing bandit signs for us; this will be for more of the wholesale stuff. And they will also be driving for dollars, where they take a picture of the house and then the address. They will then cross reference the address over the tax records and send me a spreadsheet, and VA will convert that to a CSV file. And we'll send mailings to those home owners that maybe the house looks vacant or empty or whatever. Those home owners that have houses that look vacant, we will actually be sending them a fake express mail envelope. It looks like an express mail, it doesn't cost much at all. You can get them from 3D mail; have you ever used 3D mail?

Joe: I think I have, I don't remember to be honest.

John: They've got a whole bunch of different products, but you can use 3D mail, you can actually even upload your file just like you can with Go Big, do you ever use Go Big printing?

Joe: Oh yeah.

John: Okay, so similar to Go Big printing, but you can use fake express mail envelope, it's going to cost a little bit more per piece, but I can tell you what, man this thing stands out in the mail. And it will be opened. The drivers are also going to be utilizing what's it, SimpleCrew.

Joe: Sure, yeah, SimpleCrew.

John: I have not used it before, so I'm looking forward to this but they'll be using SimpleCrew for the bandit signs. So for those of you listening, SimpleCrew, and Joe you may have



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talked about this in a previous podcast, I don't know. SimpleCrew is basically just a driver app where your driver takes a picture of the bandit signs and GPS locates it.

Joe: Yeah, it's pretty slick and in fact, Dan Schwartz the guy I do the Podio stuff with, his former roommate or friend was actually the one who developed and created that. He built it for people who do concert promotions and hire people to put signs out there. So the person taking... putting the signs out there takes a picture of it from a smart phone and the smart phone will GPS locate where that picture is taken from. But okay, so are these... such guys that you are hiring driving around looking for houses, vacant houses or doing bandit signs, are you having them go into nicer neighborhoods or cheaper neighborhoods.

John: It doesn't matter, but let me try to be more specific on that. The bandit signs are going to go more in the crappy areas. A corner of a Wal-Mart, a corner of this, a corner of that whatever, but when they are driving they'll be driving very specific areas some of them may be older; some of them may be nicer. I'm going to start off with probably the older areas because if we do a wholesale... if we get a wholesale deal there, I've got the people I can flip it to immediately. But they will be expanding into nicer areas.

Joe: Okay, so what percentage of your deals would you say are traditional wholesaling, and what percent are lease options.

John: Yes, it's probably tuned more to...um...I'd almost say 50-50 Joe, I don't know, that's not true. Maybe 60% lease options, 40% wholesale.

Joe: Is that because you've been doing more... because your philosophy used to be for your lease options and it's still is probably, where you send your marketing out to thirty minute drive or thirty minute radius from your house right?

John: Yeah and I still do that. I don't market to houses that are an hour away. I just... there's no need to and this is the thing guys listening to podcast is that, I will say focus on your bread and butter territory when you are starting off, and you can grow off from there. But it's amazing how, I guarantee within a 30 to 40 minute drive of my house, there's



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more deals than I can even handle. And I'm not looking to build a Sean Terry empire where I'm doing whatever 30 deals a month. I just... I'd rather do say 8 deals a month and enjoy life. Everybody is different, but that's just me.

Joe: You have really simple operations too. You've got some VAs. You are still working with the one lady who helps you with the mortgages and the credit repair?

John: Oh yeah Rachel. She's still with me. She's really transformed over the last couple of years to be just set up all the speaking engagements and the big events and this and that, with the hotels and all that. She's still with me. And we still work with the directly with mortgage with loan officers, mortgage bankers. She sells credit improvement for our clientele. So we've got everything in place still.

Joe: Now, when you get these properties under contract, how many houses do you have advertised one time on your website?

John: On my website, on my website I don't know. You know what, because we get so many houses, I don't even know to be honest with you. Now me personally, I think I've got... I just got the website to see, I think we have 8 or 10 under my name right now, but we just closed on two of them or just got them on a contract and we can just find a buyer. I've got two more that just came up. I've got another one coming up this week. So but typically normally I would have 10 properties under my name at one time for a lease purchase.

Joe: I found in my experience when I was doing this pretty aggressively with just lease options, I needed to have 10 to 20 properties that I was advertising at any one time to do four to five deals a month.

John: Yeah, I would say that's probably true.

Joe: So is that like, but it's weird because if you just had a few properties on your website, they are harder to sell, but when you have a bunch of them, they become easier to sell.



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- John:** Yeah, you are exactly right. The reason for that Joe is imagine you had a car lot. And you've got a car lot you got to sell some cars. And you have one car on the car lot. Maybe it's a car kind of what Alex drives, an older '83 or '72 Plymouth. Well you've got to find one person that wants that car. But if you have 20 cars, well now you got a car lot, and people can choose. And so what happens is if you get 15, 20, 25 houses, whatever on your side on your marketing, those are the houses that will pull people in and maybe they see a house you have, but then they decide to go with another house that you have. So you are exactly right, if you have more properties, it's easier to turn them for sure.
- Joe:** And you are... this is what crazy about the way you do lease options is you are still advertising how much you need for an option deposit. A lot of people and even some that we've been talking about will not advertise that, because you don't want to scare too many people away. So you are advertising the actual option deposit money that you want, which is many times pretty high compared to what other investors who are doing lease options are asking for.
- John:** Yeah, if you got a lease from the Buy.com, you see our houses; you'll see all the numbers right there, boom in your face. \$200,000 option fee, \$7,000, monthly payment, \$70.95.
- Joe:** But I can hear people saying right now, you can't get \$7 grand option deposit on these properties? Are you crazy? What do you say to that?
- John:** I've done it for 13 years, so I guess I can.
- Joe:** 13 years wow.
- John:** It's coming up on 13 years.
- Joe:** And this is why, if you were taking the first tenant buyer who could fog your mirror, you would be doing twice as many deals as you are doing now.



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John: And you would have about 10 times the headaches, wouldn't you Joe?

Joe: Yes.

John: We've all had headaches.

Joe: So you are trying to get three to three and a half percent down on each house.

John: Yeah, I'm getting closer to four percent now.

Joe: Okay, so why is that, like why do you do that?

John: The reason is, first of all, we've got some serious skin in the game. The other reason, which is probably bigger is when they go to get financing most people that come through us go FHA. Well FHA requires three and a half percent down. When they pay us, say three and a half, four percent down, they go to get financing, they don't need any more money down. Now they may need a little bit more foreclosing cost, but the point is they are set up for success.

So the thing is Joe, a lot of people that teach lease options, don't understand finance and they don't understand the guidelines. And they inadvertently whether they mean it or not, they're kind of setting up the buyer for failure. Assume it's a \$200,000 house and they get a \$1,000 down, well first of all they have no skin in the game. Secondly, they are going to come up with about \$6,500 bucks now.

Joe: And so you are finding a way to get that money that option deposit money, they pay down upfront; you are finding a way to get that applied towards a future down payment.

John: Exactly, and I get a lot of questions about this. I guess because I've done it for so long I don't think any about it. Your assignment fee, again this depends... first of all it goes back to your documents. You better have very good documents. And so I just assign the contract with me and the seller over the buyer. But my option of purchase is very, very clear and it's very I mean my documents are, you know, iron clad. And when the lender



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and the title company get my option of purchase from that buyer, they know exactly what to do. There's no question about it. So the money they pay me goes towards, it will show as honest money on the hood one.

Joe: Now do you have to... because I've seen this before in my own business where sometimes the lenders have a problem with that. So how do you get around that though? Do you...

John: If the lender has a problem, then there's been occasion where someone goes to a loan officer because... I can't make them use our contacts for financing. So what happens is this, when someone says, "My brother in law is a loan officer, let's go use him." Inevitably I should say, the brother in law is going to call me, "Hey I just got this contract over here, what's the lease purchase?" And I've got to educate the loan officer. I've had a couple of issues, but they'll resolve very quickly when either I explain to the loan officer how to structure, because it's pretty simple, because it's your honest money. The rent credit is actually seller concession. I have to explain to him how to put the...

Joe: So the original option deposit money, who is that made out to? Is that to you?

John: To me.

Joe: To you, to your company.

John: To lease and to buy. And it will show in the option purchases, option considerations, it goes on the HUD as earnest money.

Joe: Would it be easier if you had that made to an escrow company?

John: You could. You certainly could. I don't just because I've kind of... to be honest with you Joe because I've done it for so long and got the systems down, I don't. Now if someone wants to use it on this company... I'm sorry, escrow company, they certainly could. I never do that. And you know what I do something will make everybody listening to this



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podcast their jaws are about to drop, I don't use an attorney to close my documents or to close my deals.

Joe: Okay, but you use an attorney to draft your documents for you.

John: I got them at Staples.

Joe: Yeah, good great, so moving on to the next topic.

John: No believe me, I've spent, and you know this Joe, I've spent probably \$30,000 on my contracts. And it's interesting Joe for everyone listening, if you want to get into real estate, and you want to use free contracts, you need to think about if you want to be real estate. Wouldn't you agree with that Joe?

Joe: Yeah. You get what you pay for.

John: Yeah, and you know what, when something goes wrong, it's your rear on the line.

Joe: Sure, sure. I like how you really keep it simple John. One of the things I like about the way you... and I don't know how we are doing on time here. Oh we are doing good. I like how your philosophy when you talk to sellers. Talk a little bit about that. You send out marketing, you don't get a huge response from your brochures, right. But you have those go to your cell phone. Talk about your process when you talk to sellers, what happens?

John: When the seller calls and I say, "Hey, I got..." You know everybody is scared about talking to sellers Joe. I am not by any means. But for those people starting off or they are scared to talk to sellers, I teach them my... it's basically a 60-second spiel, is what I call it. And here is how it goes. A seller calls. "Hey I got your brochure in the mail. I just want to find out what you do." "Oh, hey that's fantastic. Yeah, I'd be happy to help you with that. Let me do this if I could. I apologize. I'm pulling up to a meeting right now.

What else... is this phone number you called from, is that a good number to call you back at?" "Yeah, sure." "Okay, great. Let me do this and I apologize. What is your



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name?" "Joe smith." "Okay. Joe, and again like I said, just pulled to a meeting here, but I'd like to get back with you maybe later today and we will sit down and go through everything in detail. Let me do this though, I will get you on the phone. What is your property address?"

And then I ask him is it listed, for sub owner blah, blah, blah. And you have a good email address because I can actually email you some information when I get back to the office. Yeah here's my email address. Okay great fantastic, Joe smith. Let me get back to you this afternoon when I get back in the office, and we'll go from there. Okay, great.

Joe: Do you get their asking price?

John: No. I'm going to pull it up anyway.

Joe: Okay because it's probably listed.

John: It's either feasible or listed. Now if it's not, then what I do is I just look at the numbers for the area and say, okay probably look in about 2:20 or whatever. Let me go back... I don't... here's the thing guys with the lease options, if you are just assigning it, there's no negotiating. You just go, okay, how much do you want, \$200. Okay, here is the contract.

Joe: Right, that's the beautiful thing. That's... you just give them... that's your offer.

John: It's totally... actually it's totally different, but it's quite a little bit different than wholesaling a house where you are negotiating, you are trying to get him, really get them down and blah, blah, blah. With the lease options, it's done.

Joe: All right, so you just... the purpose of that first call is just to get some information.

John: All I need is their name, email address, the address, the phone number, that's it. I don't need to know how many bedrooms, or bathrooms. I don't care.

Joe: And then what do you do. You write that stuff down; you rudely hang up on them and...



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John: Then I rudely hang up and I go back to watching SpongeBob. Hey you know what, if Alex isn't on the line anymore, can we make fun of him?

Joe: He had to get off, but sure yeah.

John: So here's the thing guys, I've got a series of three emails and they are all pre-drafted. So I'm not recreating the wheel every time. So they call, okay, thank you. I send them a pre-drafted email with how does the lease purchase help. It's a two-page PDF, goes to the basic stuff of a lease purchase, gives them something to look at. Then next thing is I pull up the numbers. I go to... you can go to Zillow. I'm sorry. Let me back up. The first thing I do is I pull the tax records. So now I've started my file. Now we all know the tax appraisal value is not the most accurate thing, but that gives me an idea but it has other data on there. The year built, blah, blah, blah, and I suppose the owner's name. So if someone calls me named James Smith, and I pull it up and it's some other name on the title, I'm going to bring that up. Who is so and so?

So I pull the tax records. I go to... you can go to Zillow.com, and I know the area well enough. I can tell pretty closely what the value is. I go to Zillow.com, see if it's listed or sale by owner whatever, see if there's other houses in that area for sale, what are they going per square foot. Joe this takes like less than two minutes. I put the numbers together. I put the numbers together on what I call; it's a seller price sheet that I have drafted. I send that the pre-drafted email that goes out. They get the email... sorry they get the numbers; I follow up with them that day or the next day. Hey did you get the email with the numbers. Yeah. Everything looks good. Then I put everything in the contract, email it to him, and schedule time to go and take pictures.

Joe: That's it.

John: Here's the thing guys. I've done... I don't know how many lease options I've done. I don't know five, fifty, I don't know, how many hundred I've done. I know it's over 500. I didn't see most of the houses. I never talked to most of the buyers. I had reps that would do that for me. Now I'm not saying you do that when starting off. But the point is... I've



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scaled it down now Joe. But as we look to ramp this up pretty heavily, I will probably bring more reps where I don't see the houses like I do now.

Joe: Yeah, okay. And do you find still, it's easier to get the contract signed if you go meet with him in person?

John: It's... How do I say this, Joe? It's not a wholesale deal, on a wholesale deal, yes. For a lease purchase assignment, I don't want people to take this the wrong way. The contract is basically formality. In other words, they either are going to do it or not. If I go over to the house, really it's not... anyways; I'm not going to go to their house unless another pulling the trigger. So if they go well, let me think about it. I'm not going to drive to their house.

Joe: Let me ask you another questions about the real estate agent. If it is listed, so what do you tell him to do? You already said, call your agent, tell them what's going on, but your contract is just with the seller to lease purchase the house.

John: It is and our contract is non-exclusivity contract. In other words it gives the buyer... I'm sorry the seller or myself can cancel the contract at any time prior to the assignment. So they can rent it up themselves or whatever. I don't care. Now when I first started, it was different. Our contract said they had to give us 30 days to market it. Now it's like whatever dude.

Joe: So the agent still gets paid. So if you do a lease purchase.

John: Well, they may. I don't pay them.

Joe: Sure. But if the seller decides to do a lease purchase they can still work out a commission with that agent. You are not paying them, but... sometimes you give... don't you give the seller one-month's rent as an option to consider.



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John: I didn't use to give them anything Joe, years and years ago, now I typically give them like \$1,000 bucks of my fee. So if I'm getting say \$8,000, I'll give him a \$1,000. It's in the contract. And they do whatever they want.

Joe: And then sometimes they use that to pay an agent like part of the commission then if and when the house sells, a year, or two down the road that agent can get the rest of their commissions.

John: Yeah, and to be honest with you Joe, and for everyone listening, I never know if an agent gets... I don't know what the owner does with the agent. It's not... I'm not in that line of communication. My communication is the owner. They can do whatever they want. Their relationship with their agent is between them and themselves. Also having said that, I don't want to dissuade people from working with agents, as long as there's a huge bonus there, but as far as on the lease option side Joe, what I have found and maybe you found something different, do you know in almost 13 years I have never had an agent bring me a buyer that qualified for my program. And unfortunately, agents are not trained in finances.

So they'll call me, see that lease purchase over here, "Do you work with agents." Yeah, I sure do. "I've got a buyer and blah, blah, blah." And I will say, I will ask the agent, do you know if they have any judgments. Do they have any foreclosures? "No, no, they don't have foreclosures. No, we just did a quick sale on their house." My god you mean, well, there's no such thing as quick sale, you mean a short sale? "Yeah, yeah that's it. Okay, I can't help him for three years." So I just, I mean, I'm not saying not to work with agents by any means, I'm just saying, I've never had an agent bring me a buyer I could work with. I can just find them on my own.

Joe: Good, good. Now you are doing deals in other parts of the country though. So how are you doing that? Are you partnering with students or?

John: A combination of things Joe. I've got students that are across the country that I work with. I've got some people in... One is in Washington. His brother is in Houston and they



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are sending me leads and I'll JV with them. I'll help them with the numbers and everything and JV with them. So that works out.

I think I'm going to do more of the JV stuff. I didn't use to JV with anybody unless they came to my three-day event. The reason for that Joe in my mind was, if I try to JV to somebody who's never been to my three day event, basically they are just getting basically a cold lead on my desk, and I've got to do all the work. So I've been kind of hesitant to do that, but certainly if someone has been to my three day event I would JV with him just because they already know their stuff and we can speak the same language if that makes sense.

Joe: Sure, sure. We started kind of this conversation with talking about education. You were getting into that and you know it's hard work travelling on the road. You can probably make more money doing deals; most people will make more money doing deals than they will selling information. That's not the same for everybody. But it's like, speaking and training, because I'll get a lot of people asking me about that. They want to create their own course. It's not for everybody.

John: It's not Joe and you've got to have... I mean depending on what level you want to take it, if you can do the... if you can put up with the big boys from the training perspective, you have to have... you have to want to travel a lot and not be at home. And you've got to have your stuff together. You've got to have it produced, mass produced. You've got to know your stuff. And also you will learn very quickly how much it costs to rent a hotel room, I mean a hotel ballroom for three days. And by the way, the most expensive thing at the hotel is coffee.

Joe: Oh, don't get me started on that.

John: I don't even drink coffee. I've got the bill from one of the last events; I'm like, "\$400 for coffee. I didn't even drink it."

Joe: It's not even that good. They charge you, it's so ridiculous.



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John: So that's why I'm like, you know what, I just... I'm going to rethink things as far as after this next event. We'll see. We'll see what happens.

Joe: So but you are still doing smaller private, not private, but like you are doing smaller workshops in the DFW area, right?

John: I'm actually not Joe. And that's the thing. After this I've got this big event in San Antonio. I think we've got about 70 people that are going to be there. It will be a big event. I've actually got a couple agree. Oh my gosh, one of the guest speakers or maybe you know both of them, I don't know, a good friend of mine Mitch Steven. He will be speaking, matter of fact I'm reading his book now. By the way guys listening to this podcast, if you haven't read it, go out and buy. Go to Amazon and get Mitch Steven his books, My Life & 1000 Houses. He has two of them. My Life & 1000 Houses and the other one is My Life & 1000 Houses: 200+ Ways to Find Properties.

But the guy is just a great guy. I've known him for a while. He's speaking. I've also got Duncan Wierman speaking. He's coming out to speak. But anyway, that's the last event and I'm going to reevaluate, I'm going to scale back to just going back to web based training which is nice, because you just sit at home. So we'll see. You do training but you don't travel. Do you travel at all anymore? I mean besides with the family, but I mean for work? Do you travel at all?

Joe: No, I stopped travelling and speaking a year or two ago. I'll do it occasionally.

John: Well, you spoke in January at Hudson's group.

Joe: That's right, was that January of this year 2015.

John: That was January this year. That's was when I saw you.

Joe: That was the last time. And I did speak in Barcelona. We did a work shop in Barcelona Spain.

John: Oh yeah that's right.



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Joe: That counts I think.

John: How many people were there?

Joe: We had 27 to 30 people there.

John: Is that right.

Joe: That was really good, it was so much fun. One of the guys that was on the... there in Barcelona is from Charleston south Carolina, we are going to be interviewing him in a couple of days and a couple of weeks, real good guy. But I met so many great people there. There's some more opportunity coming up in the near future actually is well to do more workshops in Spain and England. And one of the things that they are doing, they are doing a lot of lease options deals in England right now, and so hello all of my friends from the UK.

John: There is a lady that runs a big forum over London and I cannot remember her name. But she does... they do a ton of real estate stuff over there and I wish I would had that in front of me to... I can connect you to her, but she's over in London. I don't remember. Offline, I will find her information and I'll just send you information if you ever want to contact her. She's over in London, Property Tribes. I think it's PropertyTribes.com. So you may want to give her a shout, but yeah.

Joe: So you are doing deals now mainly and you've always kept your business really simple. That's one thing I like about you and appreciate about you is that it's not complicated. It's not rocket science. You just keep doing the same thing over and over again. You've been doing lease options in Texas when everybody is telling you can't do them in Texas for how many years now?

John: Well the law changed. Well, I've been doing this since 2003. It's almost 13 years, but Texas law changed in late 2005 came into effect January 2006. There is a guy, so I was doing my thing. Obviously I spent a ton of money on the documents because this is my baby. I can't just shut it down because the law changed. So I had to change with the law.



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So I was doing my thing, got the contracts done and then there was this guy, some guy out of St. Louis. He said, "John, you got to sell your contract. You got to sell what you are doing." I don't remember his name. So I got the tax liens options CD that people would get. I actually have attorneys who buy that CD from me because it got all the contracts and it also explains the law, very good stuff. So I'm excited about wrapping up the business again because I can do it very quickly. But again, for those people listening that are just starting off, don't think you have to accomplish everything all at once. I'm going to throw you out, and I think you do tweetables, don't you Joe.

Joe: Yeah, here's a tweetable.

John: Here's a tweetable. Stand by. I think this is really important. Guys if you are listening, write this down, because you are going to be overwhelmed trying to start off in real estate. But here's the thing guys, here is the tweetable. You start with what's necessary, then you do what's possible, and soon you will be doing the impossible.

Joe: Whoa!

John: Bam! Baby.

Joe: That's good. Say it again one more time.

John: Okay, start with what's necessary, then do what's possible, and soon you will be doing the impossible.

Joe: It's good.

John: And here's what I mean by that guys, and that's very, very important to know and kind of helps clear your mind of getting just bogged down. Start with what's necessary. What do I mean by that? Guys if you are not doing any marketing, you don't have to spend three weeks trying to learn Podio. Nobody cares. Get the marketing done.

One of the things that I have found when training people, is there some people that fall onto the realm of what I call, picking out colors and buying crap. Now what does that



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mean, someone, I train him and a month later I'm doing another call with them. "Oh John, what do you think about... do you think I should have purple in my business card or do you think I should go with the blue? I just bought some pencils." I'm like, you haven't accomplished anything. You are buying crap and picking up colors. Nobody cares. Start with what is necessary.

Joe: Which is marketing.

John: It's just marketing.

Joe: All comes down to marketing.

John: And you know what, people get so excited about buying business cards, you know what, I almost never hand my business card out.

Joe: I don't even have business cards. I love the look I get from people when I tell them, I'm sorry I don't have one.

John: Your face is your card baby.

Joe: If you need me I'll call you.

John: I love it. You know, if someone is going to get a business card, here's the best business card you can get. I wish we were doing video, I could show it to you, get a card that says the same thing on both sides because people always flip the card over. Something to the effect of "I pay cash for skinny leads \$1,000" and \$1,000 has to be in big bold lettering. "I pay cash for skinny leads, \$1,000." And you go to your REIA group and you hand that to people, because guess what, most people who do at REIAs, they are wholesalers. They have no clue what to do with a skinny lead. You are paying cash. That's the best business card. If you can get one, that's the card. "I pay cash for skinny leads \$1,000" and you have your phone number on it.

Joe: Skinny leads, interesting. Yeah, so I guess, if you are really overweight, you might have some problems with that.



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- John:** Oh my god.
- Joe:** What about fat leads.
- John:** That reminds me. My family and I pulled up to the video store to return a movie. And this lady pulls up with these magnets on her car...
- Alex:** Did you say video store?
- John:** I know, shut up. Alex you missed the whole conversation, thanks for joining the last five seconds. I know we normally don't go... it doesn't matter. So this lady, she has these magnets on her car. Lose weight now, thirty day free sample. She gets out and left side of the car just lifts up because she's that big. And even my kids are laughing. Oh my gosh, not a good display of the product there.
- Joe:** Oh boy, at the video store.
- John:** At the video...
- Joe:** Come on John.
- Alex:** ...The Redbox. That is what it was.
- John:** I feel embarrassed that we actually rented a movie.
- Joe:** Who does that anymore? I shouldn't even say that because there's probably a ton of people that still rent movies.
- John:** We normally don't, but sometimes on pay per view, like there's nothing on.
- Joe:** Have you ever heard of like, do you use iTunes or Amazon video or Netflix.
- John:** I don't use Amazon video. I think I'm about to buy either Apple TV or what's the other one, Roku TV or something.



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- Joe:** Yeah, the new Apple TV looks pretty slick; I'm going to be buying that.
- John:** It's just like a box that plugs into your... goes into your Wi-Fi.
- Joe:** Yeah, there's ChromeCast now, Amazon has a Fire Stick or something like that. I mean even Redbox is going to be probably be going out of business soon.
- Alex:** No way!
- Joe:** Yeah because it's like it's so easy to just dream any movie you want for \$3 bucks, you don't have to go anywhere.
- John:** Alex sounds so sad. Do you own stock in Redbox Alex?
- Alex:** No, no but it's nice and easy. The only thing it gets you with though is when, it's only one day but then you... I'll get back there. I'll get back there and you don't get back there, and then two days go back and then I'll get by there, and then three and then four and then five and you paid \$8 for the thing.
- John:** How do they charge you late fees? They have your credit card?
- Alex:** They don't. Yeah, they've got your credit card and if you don't bring it back in a certain amount of time, after 20 days, you've bought the thing for like \$20 bucks.
- Joe:** Yeah, they do stop charging you though after a couple of... because, ask me I know. They do stop charging I think after \$30 bucks or something. So you've already...
- John:** I've never gone to a Redbox, you know why? Because they always have a Redbox like in front of like the shady places. You never see a Redbox in front of like a steak house. Alex can go get a six pack of Milwaukee's best. He smokes in a movie all at one stop.
- Alex:** There you go.



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- Joe:** That's funny. So this has been a good educational fun phone call interview as usual. We did interview you John probably two or three years ago if anybody is interested.
- Alex:** I remember that.
- John:** You know what, who was the tenth person you ever interviewed?
- Joe:** Was it you?
- John:** Bam baby!
- Joe:** No way.
- John:** It was me, 2011.
- Joe:** Wow, that was four years ago.
- John:** And you know what, I've never actually listened to your podcasts. I hope they are good. I only listen to Joe Fairless and...
- Joe:** Oh, stop it.
- John:** No, you know what; I listen to your podcasts in the gym. Do you think, I always say this Joe, as you've done this for years now, don't you think that you and Alex have already grown as interviewers? Do you ever go back and listen and go, wow that sucked. But then five years later you go, that's pretty good now.
- Joe:** I still listen to them and think they suck. No I'm just kidding. It's always hard to listen to yourself. So I'm not a good judge of that.
- John:** You know what, I hate listening to myself. I just... we are about to put out some audio CDs of my 2-day event. I can assure you, I only listen to like a snippet just to make sure where the cut off and to just... I don't want to hear myself. It's in the production company. By the way guys, if you are listening to this podcast, one of the fantastic



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interviews that I think kind of ties into where I am now with focus is go listen to the interview that Joe did with Medley, Jason Medley.

Joe: That was a good one.

John: How long ago was that?

Joe: Why?

John: It's before you left, right?

Joe: Yeah, yeah. I interviewed him about four months ago, but we just released it a few weeks ago.

John: Oh okay. So you are going to hold this for four months too?

Joe: Probably. I'll wait until I get clearance from the FCC.

John: FCC.

Joe: And let them know it's still okay to release a podcast with you in it and the FBI.

John: You just have to have a disclaimer before. Anyway guys, that interview with Medley, you know, when you invited me up to Collective Genius, I don't know when that was, I was very impressed with Jason. He's one of those guys; you know immediately, the guy is brilliant. He is sharp. And that interview you did with him was I thought was so good and really it hit me because of the timing because I'm refocusing now. But great interview guys. If you are listening, go listen to Jason Medley. The guy is sharp.

Joe: Yeah, that was episode ... I'll tell you in a minute. But that was a really good one and I feel bad for taking so long to release it. I apologized to Jason. That was episode 117 and he didn't even respond to my apology. Oh crap, he's mad at me now.

John: Oh my gosh, that's funny. I don't know, are we about on our time here?



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Joe: Yeah, Alex, do you have any other question you want to ask John?

Alex: No, I think I'm good.

John: Hey guys, something... I'm going to throw a certain... I meant to say this earlier; you know I'm hiring drivers. One of the downsides of having driving for dollar, bird dogs... do we call it, bird doggers, bird dogging, is people don't understand percentages. What I mean by that is if you try to hire someone, "Hey I'll pay you 20% of all you make." Most people don't understand what percentage is. But if you say, "Hey, I'll pay \$700 for each deal we do," that's a number they get. They get... so what I'm doing is different. I'm going to be paying these drivers \$10 an hour, but they've got to bring me a quota of five leads per hour.

Joe: Interesting.

John: But then I'm going to pay them a bonus on anything we close at \$750 bucks. The reason I'm doing that is, if I were to put an ad out there, "Hey I'm hiring drivers. You get 20% of what we make." They don't understand what percentage is. And what happens and as you train these bulldogs and spend all this time with them, and they end up just vanishing. They want to see a pay check. So if you tell them, "I'll pay you every other week, \$10 an hour," I'm just using that as an example, but I'm paying \$10 an hour 20 hours a week, but you got to bring me five leads per hour, that's 100 leads a week. You know what I'll pay \$200 bucks for a hundred leads.

Joe: That's a good tip.

John: That's what we are doing but... and also guys on marketing because I get a lot of people that have never done anything, you're just starting off. Joe maybe you and Alex will agree with this, people think you have to have all this money to market. Do you know I started off with no cash when I started of this business? The best marketing I find sometimes is creativity, not money. You get creative, that's where the marketing comes in. Anybody can throw money at marketing, but when you get creative, that's when your entrepreneurship shows, and that's some of the best marketing.



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- Joe:** I think some of the most creative way to do marketing as well, is when you do send direct mail, answer the phones. One of the reasons why you've been so successful is because you do answer the phones.
- John:** Yeah, the only time we don't right now anyway is if it's off a bandit sign. I'll say, call me. It's not like you are going to get \$10,000 calls a week.
- Joe:** Yeah, especially when you are sending ugly brochures like you said. I'm just kidding, they are not ugly. They are professional looking brochures; you are not going to get a lot of calls with those. So why can't you answer those calls live?
- John:** Exactly, exactly.
- Joe:** I'm starting to... even on my regular wholesaling deals, we are trying, we are sending postcards and yellow letters. We are still trying to answer the phones live.
- John:** Oh yeah. I still put my phone number, the only thing I don't put my phone number on is a bandit sign. Now I've got a property acquisition person now that I just brought him on, because we got a lot of leads in the pipeline that I just couldn't handle when I was on the road. I didn't have the systems in place. And Joe, you are a big advocate of having the systems in place. So I'm back now, I'm off the road. Property acquisition person, boom! Here's these leads, let's go.
- Joe:** Excellent. And if anybody has a skinny deal in DFW area, they can contact you how?
- John:** Through rumor.
- Joe:** Through carrier pigeons?
- John:** Yeah, that's how my family and I communicate, just all rumor. No, they can go to leasing to buy. They just email me John@LeasingToBuy.com.
- Joe:** Okay, cool.



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- John:** And most wholesales don't know what to do with a skinny lead.
- Joe:** And you pay them nice handsome referral fees?
- John:** Yup, I'll pay them \$1,000 bucks.
- Joe:** And where can people go to get more information on your taxes lease options?
- John:** There are a few sites. My main website of course where I actually do the deals is LeasingToBuy.com. The training website is LeaseOptionClasses.com where we have, you can buy materials there and this and that. You can also go to TexasLeaseOptions.com. That's where you'll see my Texas CD.
- Joe:** Good, TexasLeaseOptions.com, and you sell that CD for \$500 bucks or something?
- John:** On the website it's \$895, but if you go to LeaseOptionClasses.com. You can actually get everything I have except the audio CDs for \$495.
- Joe:** Wow.
- John:** So it's a heck of a deal.
- Joe:** Yeah, LeaseOptionClasses.com and LeasingToBuy.com all letters is your main website where you do the deals. And a lot of times you can partner with... you let people if they go through your system, they can put their properties on your website as well?
- John:** Yeah, we charge a fee. If they want to use our website, we charge a small fee for that just because there's administrative cost involved. But they can actually, you will see properties... I mean I've got properties from Pennsylvania to Colorado Springs to wherever that people do. And anybody see our lease options classes is the training website leasing to buy where you can actually see what I do, and see how I structure it. I'm so glad Alex was able to spend all of the three minutes with us.
- Alex:** Hey, come on. It was more than that.



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- John:** This has been amazing. How did you two meet?
- Joe:** That's what she said.
- John:** Okay, I didn't say that. So let the FCC... you'll let the FCC know that. Hey listen guys, before I forget, Joe, I just got in yesterday from Amazon.com two books. One of them you recommended. And I cannot wait, I'm just flipping through it, it's called Rework.
- Joe:** That's a great book.
- John:** And I'm just flipping through it and it looks like it's a really easy read mainly because it's in English. That always helps.
- Joe:** Yeah, the chapters are short; the letters are big, right up your ally.
- John:** I'd say easy pictures, but I'm excited about reading this. I also bought the Toilet Paper Entrepreneur.
- Joe:** Good book as well.
- John:** Have you read that?
- Joe:** No, I still recommend it.
- John:** I haven't read it, but I recommend it.
- Joe:** Because I have read the other books the same guy has written.
- John:** The Toilet Paper Entrepreneur is different.
- Joe:** Yeah it's written by the same guy who wrote the Pumpkin Plan.
- John:** Oh, I ordered that, but it hasn't come in yet.
- Joe:** The Pumpkin Plan is a really-really good book. I can't even... Mike Michalowicz.



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John: Yeah, I can't say his name, Michalowicz or something, but I'm stalked by this. I'm going to try to finish Mitch Steven his book first which is a really good book. Have you read that yet, My Life and 1000 Houses?

Joe: No, I haven't read it. I was going to say something.

John: Did you interview him?

Joe: I think, or he interviewed me, one of the other.

John: He's in San Antonio. He doesn't have a podcast, I don't think.

Joe: He interviewed me for a course for an online summit that he was doing or something.

John: Oh yeah, yeah, yeah. I did that too. Okay, you know what, you need to interview him.

Joe: I should.

John: Do you have his contact info?

Joe: Yeah but let's... I might get that back from him, I'll find you.

John: Just let me know. Hey guys, one last little quote, one last little tweetable here. Here we go, last one. Alex you missed the other one so... poo on you. Here's the last tweetable here. This is important for you guys starting off and Joe you were talking about the guy you were training who made \$5,000, but was frustrated by the men at work. Guys here's the last tweetable, it is just before destiny that you will be tried. And that is so true. I think it goes back to what I call the emperor moth story. Do you know the emperor moth story?

Joe: I bet we will in a minute.

John: Okay, a guy is walking around and he finds this beautiful cocoon, this huge cocoon. So he takes it to his house, puts it in his jar and then one day he sees something trying to



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come out of the cocoon. But it's having all this problem. It cannot get out of the cocoon. So he takes a little exactor knife, a razor blade, and he slices the cocoon to help this moth that's inside to get out. But when he slices the cocoon, the moth falls out at the bottom of the jar and it just withers and withers and withers and later that day it just dies.

The reason is the moth died because its wings were wet. The moth, when he slipped open that cocoon, the moth didn't have to fight to get out of the cocoon. The reason the moth has to fight to get out of the cocoon in nature is to get the water, the liquid off its wings. So when it comes out of the cocoon, the wings are dry. When he took away the effort, and slit the cocoon open, the moth died because its wings were wet, and I think it's a valid, I think it's a very powerful analogy for what we do in business. You've got to fight. You've got to get those wings dry. And it's going to happen. If you try to slice that cocoon, it's going to flounder. So that's the emperor moth story.

Joe: That's a good one.

John: Do you want more, I've got more.

Joe: No.

John: Do you guys go into a bar?

Joe: No we do need to end it. I'll probably have to break this up into two episodes now.

John: I've got more then.

Joe: No, that's good John, really. So this has been good. Thanks for being a good support, Alex and John.

John: Yeah thanks for all the three minutes Alex. By the way Alex I will say, out of all the two people I've worked with today for interviews, you are one of them.

Alex: I appreciate that.



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- Joe:** So I warned you guys at the beginning of this podcast about John. So we've been warned; it's not my fault. John is a good friend. He makes me laugh. If you are ever in DFW, look him up, treat him to a restaurant, and buy him a drink and he will make you laugh so hard you will cry. It's really fun. Thank you John, I sure appreciate it.
- John:** Joe, Alex, thank you so much. I'm really proud of this podcast for what you have put together. I think it's top-notch. I love listening to all the interviews, and you guys have already put something special together.
- Joe:** Thanks man. Thanks Alex.
- Alex:** Thank you guys.
- John:** You can go back to whatever you were doing Alex.
- Alex:** Okay.
- John:** He was getting high score on his wee or something. I don't know what he was doing.
- Joe:** That's close. He was talking to some sellers, but all right, hey thanks guys. See you.
- John:** Thanks, take care.
- Alex:** Take care.
- John:** We'll see you. Bye-bye.