



REAL ESTATE INVESTING MASTERY

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Real Estate Investing Podcast Creating Win Win Win Deals – Part 1

Hosted by: Joe McCall

Hey, what's up guys? Joe McCall, REI In Your Car. How are you doing?

I'm excited right now. I'm driving to the PGA Championship. It's in St. Louis this year and it's at a golf course called Bellerive and it's funny because I've never gone there before. I don't golf much, but when I do you better watch out. It's pretty embarrassing, but this golf course is the premium, nicest golf course in St. Louis and they're holding the 100th PGA Championship here. What's the big deal? Everybody in St Louis is excited about it and I'm going there. I got tickets. It's going to be fun.

Anyway, I wanted to talk about something because I just came out with my book, My Wholesaling Lease Options book in case you haven't heard about it yet, go get it. You can get it for free. Just pay shipping and handling at wlobook.com.

One of the things that is really important when it comes to lease options is that you set up all of your transactions as win-wins. Win-win-wins, actually. The seller's got to win, the tenant buyers got to win and you've got to win as the investor. This is true for any deals, right? Whether you're doing lease options or short sales or wholesaling, rehabbing. If you really want to stay in business for a long time and have a good reputation, you need to set up your transactions where everyone wins. One of the biggest mistakes that I see that kind of sad with some people that teach lease options is that or do lease options, is that you know what? They don't care if the tenant buyer gets financing or not, just as long as they get in and out as quickly as possible. You know the more tenant buyers you go through, the more money you're gonna make, and that's not my philosophy.

I disagree with that politely and professionally. I think that's a mistake. It is true. You know, if the tenant buyer doesn't buy the house, they move on and you get another tenant buyer in there and you get another down payment and you know that's good. You get more cashflow for a longer period of time, but excuse me, I don't think that's the right attitude to have. Hold on one second. So, you need to set it up where all parties win.



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Let's talk about the sellers, first of all. For example, a seller's got to win in a lease option. Why would a seller want to do a lease option? Well, pretty much bottom line, at the end of the day, they get to walk away with more money. If they do a lease option on a house than they would if they sell it with a traditional realtor.

This isn't true for everybody. A lease option does not work for every seller. It may not work for every situation, but there's a lot of sellers out there and investors that own rental properties that you know are just not made to be landlords. They don't want to be a landlord and they have some motivating factors. Maybe they had a job loss or job transfer. Maybe they got a divorce, they moved out of state and now they have this rental property that they've tried renting out before and it just doesn't work. It's really hard to find good property management. It's hard to find good tenants and some people just don't have the time to manage properties properly. And so now they can rent their house to somebody who wants to buy it instead of somebody who's just going to be a typical renter who will call you every time the faucet leaks. Why not rent it to a tenant buyer who will fix the faucet on their own right and have more of a home owner's mindset, a homeowner's mentality?

And they put a lot of money down, that money's nonrefundable so they have more vested interest in the property, right? So from a seller standpoint, they want to sell the house, but they maybe can't because there's not enough equity in it. Maybe they can't make another payment on a second house. They don't, they can't do two mortgage payments. They're tight as it is. So with finances, if there is one month of vacancy or two months of vacancies, it could literally put the home owner into a lot of financial problems. So then they're worried, "You know, hey man, I want to rent this house out, but I don't want to be a long distance landlord. I don't want to deal with all of those hassles." That's a tough situation to be in, right? Well, what can you do? A lease option might be an alternative.

And some sellers that might be the least worst alternative, right? Because if a seller is going to sell a house, traditionally with a realtor, there's a lot of costs involved into that, right? It could be anywhere from 10 to 15 percent of the list price that the seller is going to have to pay when they sell it through a realtor. And they may not have enough room for that. A lot of landlords or property investors who have rental properties, again, they might have bought a book on how to get wealthy buying real estate and owning rentals. They went to a boot camp or something like that and all of a sudden they bought three or four properties and it's not as easy as they thought it would be. The cash flow isn't as good as they thought it would be.

They've been through two or three tenants and it's stressing them out and they're sick and tired of it, but they don't want to sell the house because they've got a lot of money tied up into it and they would lose the money and whatever. So a lease option would be a great candidate, a great option for them because now they get a tenant buyer in the house again, who's going to take better care of it. All of my lease option deals have turned



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out really, really well. I've had some bad tenant buyers in them. It's been very, very rare. But when the tenant buyer moved out, I just got another tenant buyer in there and did the deal as a handyman special to get the tenant buyer to fix the house up themselves.

I didn't have to fix it up. But anyway, the long story, the reason why I got those bad tenant buyers was because I was in a desperate situation and I took the first person that could fog a mirror that had three to five grand to put down. I did not pre-screen them. Every deal that I've ever done where I've pre-screened the tenant buyers, I've done really well with that, okay? So anyway, why would it help a seller? Because they can rent the house out to somebody who's going to buy it. So they have a home owner's mentality, much better mindset, much better transactions generally speaking. So it helps us at debt relief. It helps if they can't sell the house, but they want to. They don't want to be a landlord. The lease option is a great alternative, okay?

Now the tenant buyer, how can it help the tenant buyer? Well, number one, they get to lock in a good price. I am almost to my location. So we're going to do this in two or three parts. How about the next podcast? I do. I'll talk about some of the advantages to a tenant buyer and if I have time, maybe I'll talk about the advantages to the investor as well.

So just in summary, it's always important you set up your deals, whether they're lease options or not -as a win win for everybody involved, for the seller, for you, the investor, and for your end buyer, whether it's a tenant buyer or a cash buyer or a landlord or retail buyer, whatever. And if you do that, you will stay in business for a long time and you'll do a lot of deals because your reputation is very, very important in this business. Especially if you're working with a lot of other realtors and investors and property managers and stuff, you really, really have to make sure that you're not known as that guy, right?

So take your business seriously, treat people right and you'll always be profitable. Hey, if you want that book right, go get my lease options book wlobook dot.com. I'll see you in a little bit with my next episode. Probably I'll fight my way back from this golf thing.