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Learn Lease Options From One Page- Part 3

Hosted by: Joe McCall

Hey guys, what's up? Joe McCall REI In Your Car.

Today's episode, we're going to be talking about step three of these steps to doing a lease option deal from my one piece of paper thing, you ready? Let's go. So I'm in the parking lot now with in my car, still waiting for my son to finish his cello lesson. So I'm just going to record a little bit here and this is important. I want you to all to know first of all that you can get all of these steps and I talk about this one piece of paper in my book, Wholesaling Lease Options. You can get it at WLOBook.com it's free, just pay shipping and handling. We'll send you out a copy. It takes a couple hours to read. It's really simple, no fluff, all killer, no filler. And again, WLOBok.com it's free. And I walk through how I use lease options. Still do them today.

How I quit my job in 2009 doing just lease options. And it's pretty cool. It's a great gig. I love this business. And I love teaching it too. I mean I really do get a bigger kick out of teaching and coaching on this stuff than I do actually doing deals. So get the book at WLOBook.com step one was marketing, right? Finding the leads. Step two was talking to the sellers and we talked about just asking a lot of questions. Step three is sending them an offer and I like to send offers to every single seller I talk to. Even if they say no, I'm not interested I still want to send them an offer and I'll send a cover letter that says something like, Hey, it's great talking to you earlier today about your house at blah. And I know you don't want to do a lease option now.

Or I know this may not be the right time, but circumstances change. I'd love to talk with you later about it whatnot right. Because again, you remember most sellers are going to say no. 99.9% of them are going to say no at the beginning. Whether you're doing lease options or wholesaling or anything, it's just the way it goes. You have to assume the motivation and just expect that they're not going to show it to you all right. So when it comes to making offers, I like to send just a simple offer depending on the temperature of the lead. If it's a hot lead that I'm going to send them just a sandwich lease option offer, right? Because I want to stay in the middle of the deal and make more money that way. If it's a kind of a lukewarm lead and I don't know, maybe yes or no I might send them a cash offer and a sandwich lease option offer.

So a cash offer is going to be at 60, 70 cents on the dollar. I keep it super simple, 60% or 70% of Zillow. By the way, I only do lease options on nicer homes too, right? I'm not doing them on junker



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homes. So sometimes I'll just take the average of Eppraisal and Zillow and multiply that by 70% minus maybe a number for repairs based on what they told me minus my wholesale fee of like \$10,000 grand. So I do the cash offer probably knowing they're not going to ever take it, but that positions my sandwich lease option offer so much better, right. So I'll send them two options. A cash offer in a sandwich lease option offer. If it's a super coldly, they're not even interested. I might send them three options. I might send them a cash offer, sandwich lease option offer and a lease option assignment offer.

So I have a simple spreadsheet that I use. I just put in the numbers from Zillow into there and it calculates these three different offers for me. It's going to be hard to kind of talk about it over an audio podcast, but you know, basically cash offers at 60, 70 cents on the dollar. The sandwich lease option offer, it takes the as is value times 85%, as is value means, you know, as it is now, the property is now at 85%, which is about what they would walk away with if they sold it with a realtor, okay. And then I give them rent of about 75% of whatever market rents is. So if market rents are \$1,000 bucks, I'm going to give the seller \$750. And then with the sandwich lease option, that means I'm going to take care of the property, I'm going to maintain the property, take care of maintenance and repairs, I'm going to manage the property, I'm going to take care of any vacancies.

I remind the seller, I say, listen, by the way, if you were to sell this house with a realtor and the realtor make your mortgage payments for you while the house is vacant? Will your property manager fix the things for you when the tenant complains about something that's going to be fixed? No, but I will, right? So that's why a sandwich lease option offers could be so attractive to a seller. They can get the benefits of owning a rental property without all of the landlord headaches and hassles. So because I get this question a lot. Well, why would a seller ever want to do a sandwich lease option and not just a wholesaling lease option? Well that's why, because the convenience of it. So a wholesaling lease option deals where I just pretty much give the seller whatever they want and I usually don't offer that until they say no to the sandwich lease option offers.

So as a wholesaling lease option offer, let's say the house is worth \$150,000 and let's say they owe \$100,000 but they're not willing to discount it, a 15% for my equity. And they, you know, they don't mind managing the property themselves and taking care of it all. So they say no to my sandwich lease option. I'm going to offer them a wholesaling lease option, which I could offer them \$150,000 for it and I'm going to turn around and bump the price up and sell that contract to a tenant buyer. And I cover all of that in my book, My Wholesaling Lease Options book, go get that at WLOBook.com. So anyway, I'm going to send them an offer and the offer, I send it's really



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important. I send it to them in an email and in the physical mail I like to send an email and a physical mail to the seller.

Why both? Well, because an email is so easy to get lost, you know, email goes into spam. They may look at it and think, okay I'll look at it later. And then they just never find that email and it's hard to look it up because they don't remember anything about it, right. But I also, so I send it to them in an email and I also send them, it's so funny here, I'm sitting in the car right at this intersection and people are coming up and stopping and it's so funny to watch how many people when they're at the stoplight, they look down at their phone or they start farting around on their phone and then when the light turns green, all these cars are just like slowly the guy or lady looks up and they go and then the car behind them slowly looks up and then goes and then behind them they look up and then go.

There's like, I'm wondering if like, if anybody has done a study on cell phone usage and why and how people looking at the phone at a stoplight, how it's affecting the traffic at stoplights if like people are taking longer to go. It might be preventing accidents might be a good thing all right anyway. I like to send my lease option credibility in the email and in the physical mail and with REI Simple, our CRM that we use, we can do that. We have this thing that we work out, we do it with click to mail. So we create the PDF and we send it in an email to click to mail and email and click to mail prints it and sends it in the physical mail to the seller. So that way the seller now as something to hold onto, they may just keep it for future reference in their junk drawer.

And then three months later, after you've been following up with them, they go into their folder and they say, oh, here it is. Yeah, this might work. I might be interested in this. So my credibility kit includes just a simple cover letter and then the next page is the different options, letter of intent. It's like a letter of intent, two or three different options. And you can use different options like owner financing and lease options and cash offer if you want. So there's different things you can do and a lot of times I will not include the wholesaling lease option in that letter of intent because I don't want the seller to think that's one of their options. I want to try to get the sandwich lease options so I can make more money on the deal. And if they say no to that, then I'll do the wholesaling lease option offer. Does that make sense?

So then after that, after the letter of intent with the different options in there is a one page thing that I have that explains what at least option is and list the benefits to heavy, heavy on benefits, not features but benefits of why would a seller want to do a lease option. Then the next three pages are frequently asked questions. Just a FAQ's explaining, answering their most common objections to at least option. And then the last page is references. And on there you can put in like



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a realtor, property manager, loan officer and mortgage broker. Did I say realtor, property manager, attorney, if you have an attorney, title company, insurance agent, anybody that you have that you'd work with or do business with or people that you know that are kind of in the real estate industry.

Just put them in there and everybody can find somebody that they can put in there for references. And that's it. You can create it real quickly with a click of a button inside of REI Simple and you can email it and then send it in the physical mail. And then in REI Simple after you send that off or what do you do? Always, always, always create a task to follow up to remind you to follow up with them in a week or two weeks a month, depending on the motivation to kind of the level of where they're at, right? So if it's a super, super cold lead then I might put a reminder to follow up in three months. If it's a hot, warm lead, I'm going to put in a reminder to call them the next day. Sometimes I won't even send the offer to the seller unless I get a commitment from them of when I can talk to them again after they've had a chance to review it.

So I might send them an offer and I say, all right, well let's schedule a time to review this. When are you free to today at 6:00 or tomorrow at 9:00 AM? And I just schedule a time, right? Depending on the temperature level two of the lead, I want to make sure I'm always giving them a deadline. So if they are serious about doing a lease option, I'm going to send them the offer with a deadline attached to it of when, I'm pulling it off the table. If they say no, make sense? So that's step three, you got to send an offer. It's really easy to send an offer. Once you learn how to do it. You can do it on a piece of paper and a calculator, or you can use a little spreadsheet. Put the numbers in, send it to them.

And remember, you're talking to five sellers a day, right? Well, if you could send five offers a day, do you think you might do a deal after a few months of this? So that's like, what, 20, let's just say you're working 20 days a month. That's a hundred sellers you're talking to. That's maybe 80 offers that you're making after three months, that's 240 offers that you've sent. Do you think maybe out of those 240 offers, one of them might turn into a deal and you make \$30,000 \$40,000, \$50,000 grand on it? Yeah. Especially if you're consistently marketing, you're consistently following up, right? Eventually you get a VA that does the follow up for you and all that good stuff. So, man, I'm telling you, it's an easy business. It really is. Just got to do what your competition's not doing. Your competition isn't talking to sellers. They're not talking to five a day.

They're not making offers to every single lead that comes in. They're not following up with sellers. They're not sending offers in the physical mail, so you can do this. It's not that hard it really isn't. So good, we good? All right. The next step is going to be what? Let me look here. Oh, you signed



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the initial contract. If they say, yeah, let's do it. You're going to give them a contract and sign it and we'll talk about that in the next episode. Go get my book okay. WLOBook.com WLOBook.com. These people are slow to go at the intersection. That's so funny to watch. All right guys. We'll see you later. WLOBook.com go get it.