



## *Learn Lease Options From One Page- Part 4*

Hosted by: Joe McCall

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

Today we are going to be talking about step four on how to do a lease option deal from my one page paper, something like that, right? It's cool. All right. So we're in my car driving to some meetings from jump kids camp. Now I'm telling you it's probably the best vacation Bible school in the world it is so much fun. We've got like 5,000 or 6,000 kids, about a thousand volunteers at our church. We do this thing every year. It's the highlight of the year. It's probably our 10th year volunteering and my kids go to it and they love it. So I had to leave early today to go to some meetings, but I thought I would record part four here real quick. So if you remember part one, I talking about what marketing, you know, getting the phone to ring, getting sellers to raise their hand.

Step two was talking to sellers, asking a lot of questions. Part three was sending them an offer, right? Creating a simple offer, multiple options and letting the lease option credibility kit do the selling for you. Step four is going to be about getting the contract signed and it's a simple one page contract that I use. Now if you want more information about all of this, just go get my book. It's explained in my book at WLOBook.com WLOBook.com and on there you can see the step by steps kind of walk through all the details there. It's a really good book you're going to like it and the book is free. Just pay shipping and handling okay. WLOBook.com. Now step forward, you got to get the contract signed. It's a simple one page agreement, one page agreement.

Oh, everybody's freaking out. Traffic is really bad right now because there was a huge car fire on the freeway and so I don't know if he could hear a bunch of people are blaring their horns because they're impatient and angry. They need to go to jump kids camp or maybe yeah anyway okay I was going to say something stupid. So you know, when you're negotiating with a seller, the cool thing about lease options is you can negotiate several different things. Unlike like regular wholesaling there's only really one thing you can negotiate and that's the price. It's either take it or leave it, right? There's not much you can do if you can't meet on price. But with lease options, it's either price or terms and there's several different terms you can negotiate. So let's say the seller stuck on their price, you can say, well, maybe I can get you that price.

If you can negotiate the rent, maybe lower the rent a little bit, maybe you can lengthen the term instead of five years, you know, do seven years or 10 years. You can also negotiate, what else can



# REAL ESTATE INVESTING MASTERY

[www.RealEstateInvestingMastery.com](http://www.RealEstateInvestingMastery.com)

you get negotiate? The down payment money that you put down, you could, I usually do hardly anything, but they're wanting, you know, \$5,000 down but they're stuck on their price. You could say, well, maybe I could get you that price if you don't let me put anything down on it, right? You can also negotiate rent credits or seller concessions at the end. So you could say, listen, I'll give you the price you want and the rent that you want. If you give me 100% rent credit every year for five years.

In other words, I only get a rent credit if I pay my rent on time. If the rent that I pay you or actually that I'm paying the mortgage is a second late, then I don't get a rent credit. So you could get, you can negotiate rent credits, which gives, you know, the seller some comfort to know that you know, you have a big incentive to pay the rent on time. You understand what I'm saying? I'm talking specifically about a sandwich lease option when you're staying in the middle. So the cool thing again about lease options, if the seller's stuck on their price, you can give them the price they want if they give you the terms that you want. Let's say they're stuck on the terms. Let's say they're stuck on the rent. They have to have this amount of rent or they have, they say like, you know, you have to close in one year or two years, which by the way, I would never do a lease option with a seller that says you only have one year, but I might if the price is good enough.

All right, so let's say it's a \$200,000 house and they say you can only lease option for one year. I say, well, I could do one year if you could do maybe \$151 \$160 something like that, right? That's the great thing about lease options. If as long as you're willing to listen to the seller and be patient and understand their pain, their buttons and work be committed to work out a deal that's going to work for them and you where everybody wins, there's no reason why you can't find a good deal where everybody wins, right? I have a student recently who was negotiating a lease option with the seller on a junker property that was really old. It's been vacant for a couple of years and needed a ton of work. So she negotiated where she would buy it as is as a lease option, a \$900 a month, and I forget the price that you negotiated with the seller on, but it needed about \$30,000 grand in work.

So she agreed to give the seller the price they wanted and the seller gave her 100% rent credits for the first two years. No, no, no, I'm sorry no rent the first two years and then the last three years, it's a five year lease option. She would give the seller half of the rent. So she's cash flowing this property, \$900 a month. She's keeping 100% of the rent for herself the first two years. The second year to a second, three years, whatever she's getting \$450 a month. And by the way, did she have to put any of her own money into this deal? Nope. Did she have to go buy the deal? Nope. So she's also got it worked out where the tenant buyer is doing all the work and fixing it up so there's enough equity in it to make it really attractive for the tenant buyer.



# REAL ESTATE INVESTING MASTERY

[www.RealEstateInvestingMastery.com](http://www.RealEstateInvestingMastery.com)

And she has negotiated a deal where the tenant buyer gets to go into the house, fix it up the way they want it. The guy was a contractor the tenant buyer moving into it is a contractor and is very experienced with fixing things up. Anyway, so my whole point of that is she's going to make about \$58,000 on this deal, \$58,000 on a property that needed work. There wasn't enough equity for regular wholesaler to do the deal. In a really, really small town and she was able to sell it the same day. She was actually putting the sign in the yard when somebody drove by and stopped and it was a, an electrical contractor who can fix it up themselves. So she was willing to negotiate with the seller on terms. I hope you get the power of that.

Super important. The other thing I want to say too, is with my contract, it's very flexible. It's not the final contract like by signing paperwork with the seller. And I tell them if, and when I find another tenant buyer, there'll be more paperwork we got to sign. But I don't tie up the property either. And this is important the way I do lease options, I don't want to tie up the property unless it's a sandwich lease option and I'm going to stay in the middle. I'm not going to tie it up because if I can't find a tenant buyer, I'm just going to not exercise my option. I'm going to, it actually doesn't even start. So it's dependent on me finding a good tenant buyer for the property.

Now what does that mean? I'm not tying up the property though. So if the seller sells it or leases it on their own before I do, guess what? They can cancel my contract and they won't owe me anything. Now I do lose some deals that way, but I actually win more deals because of that. It takes away the risk from the seller, you know? And the final thing I'll say with that is on a lease option assignment the seller signs the assignment agreement as well. So the seller gets the final approval on whoever's in the house. Now different people to do lease options do different ways. You know, some people have longer fancier contracts at the beginning of the seller signs and that's fine. There's a place for that there's nothing wrong with that at all. Sometimes I've just found it just easier to get the seller to sign a simple one page, short offer for them.

And by the way, I think I give that away in my book. So if you kept my book at WLOBook.com I'm pretty sure 99% sure that I give away my one page contract and if I don't and you have the book, shoot us an email and you can find the email just from the receipt that you got and I'll send you that one page contract, it's pretty easy. Cool. Is there anything else? Let me see here let me look at my notes if I forgot anything. Yeah, that's it. So I negotiate price or terms and don't tie up the property, remove all of the risks. Oh, that's important. That's important. Like you got to remove the risk. You should never ever, ever be obligated to start making mortgage payments while you are finding a tenant buyer to live in the house.



# REAL ESTATE INVESTING MASTERY

[www.RealEstateInvestingMastery.com](http://www.RealEstateInvestingMastery.com)

Once you find a tenant buyer in the house, then you're locked in, right? Especially if you're doing a sandwich lease option, you're obligated, you're responsible for maintenance and repairs and vacancies. But that's again, the great thing about lease options is you can pass those responsibilities on to the tenant buyer. And a tenant buyer puts enough money down up front that you should be saving most of that, half of that. So that if there is anything in the future unforeseen, then you're covered. Cool. So one more thing I'll say, any money that you pay the seller up front, guess where that money comes from? It comes from the tenant buyer that you put into the house. So if I'm telling the seller, I'll pay \$1,000 option deposit, I'm paying that money if and when I find the tenant buyer who gives me five grand, so I take \$5,000 out of the five grand at the tenant buyer gets me. Does that make sense?

So make sure when you're doing your contracts with the sellers and with the tenant buyers, you always set it up as a win, win, win. Everybody wins, right? The seller's got to win, tenant buyer's got a win and you got to win. That's why I love these deals so much, you know, again, because I'm not trying to beat the cellar down on price to 50, 60 cents on the dollar I'm just setting up because I can negotiate price or terms or rent or length of the lease option period or repairs. There are so many more things that you're going to negotiate with these deals. It makes it so much easier. These are the best deals to get started with.

So, cool. All right. I'm at my place. I got to get out. And it's such a gorgeous day to day. Love this weather. Right now it's about 75 degrees. I feel like. I wish it was like this every day. Anyway, we'll see you guys. Go get my book. WLOBook.com. The next step five is I think, market the property. So we're going to talk about how to market the property next. We'll see you guys.