



# REAL ESTATE INVESTING MASTERY

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

## *Learn Lease Options From One Page-Part 6*

Hosted by: Joe McCall

Guest: Gavin Timms

- Joe: Hey everybody, welcome. This is Joe McCall REI In Your Car Podcast.
- Joe: This is episode maybe five or six, I forget of step five or six, but it's the last step of how to flip a lease option deal. I've been talking about how to do these lease option deals from one piece of paper and the final step is reviewing the tenant buyers applications. And actually, you know what, there's one more step after that, but I'm going to combine it all together because it's super easy. Then we're going to talk about the paperwork. Okay, so welcome. I've got Gavin in the car with me. Gavin, how are you?
- Gavin: Good Joe. Guys, how are we?
- Joe: We just finished day one of our coaching workshop. These are so much fun to do. I really enjoy doing them. We have our coaching clients are private clients come in and just spend two days with us in St Louis. Gavin flies here from Savannah, Georgia. We were talking about doing, we need to do one in Georgia, maybe when it's in the winter when it's warmer down there. It's hot down there in Georgia right now probably. But anyway we do these two day implementation workshops and it's been really good. We've got a small little group. We keep them small.
- Joe: We don't want big groups because we really want to roll up our sleeves and just start implementing stuff. And we do a lot of roleplays. We go through deals, example deals, we evaluate deals, we write up contracts and offers. We sometimes talk to sellers live, we build out the systems and all that cool stuff. It's a lot of fun. We actually do some marketing. A lot of our students or clients that come to this, they leave with leads and appointments when they're heading home. So if you're interested in coming to our next workshop and working with us as private clients, one on one, just go to what's a good one.
- Joe: Go to CoachJoe.net. That's probably the easiest CoachJoe.net and you can find a form there that explains what it is that we're doing. And you can also find a place where you can apply. We'll get on the phone and talk and get to meet Gavin. Gavin



# REAL ESTATE INVESTING MASTERY

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

is, you'll probably enjoy listening to him more than you enjoy listening to me. Because he's from South Africa. I mean he's from Australia. No, actually he's from England. It's all the same. It's just funny. We were at Starbucks this morning and...

Gavin: Schlotzsky's.

Joe: Schlotzsky's, we got Schlotzky's yesterday and they asked are you from Australia? That's funny. Anyway, so the final steps for this one page, how to do lease options stuff is get these applications. If you've got a good house, it's in a good area. Remember people only buy homes they want to buy. Because you're trying to sell a \$75,000 house as a lease option that's got bad school districts.

Joe: There's a reason why it's \$75,000, right? Because it's not in a good neighborhood. People don't want to buy homes. They don't want to own homes in those neighborhoods. The only people that want to buy homes, there are landlords, investors, not retail buyers. You want to target the homes where retail buyers are buying homes in. And so hopefully you're in the median price range that you know, \$125,000, \$175,000 maybe in that area, depending on where you live, right? If you're in California, the median price range might be \$400,000 to \$600,000. But that's where you want to be because that's where the highest buyers, the highest number of buyers are, okay.

Joe: So you start marketing the home, you start getting applications. And one thing I'll say too, and I mentioned this before, you want to make sure your rents are competitive. So if the market rents in the area are \$1,300 a month, don't think that you can go get \$1,500. You got to be right there in the middle of where all the other rents are. So just figure that out. Be aware of that when you're making your offers. So what I do is when I'm, you know at the property I will leave information or give to my realtor who is helping me lease the property we have fliers that give information about the property, but explain our rent to own program, how it works.

Joe: It's interesting too, when I'm talking to sellers, I use the words like lease purchase. When I'm talking to tenant buyers I use rent to own because it just kind of easier to understand for different people, but talk about our rent to own program and how it works. Make sure the property's on our website. We don't show the home unless



# REAL ESTATE INVESTING MASTERY

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

they have actually seen the pictures on the website and they've driven by the house. They know the neighborhood.

Joe: Once they've seen pictures and the video that's online and driven by the house, then we will meet them at the house and let them inside. So they got to understand the program, how it works. I want them to fill out an application. If I'm trying to get \$8,000 down on a property and they told me they only have \$4,000, that's okay, right. I'll still be able to work with them. If they really like the house, they'll find a way to come up with more and I might be able to set up a, create a note for the difference and collect payments for the difference over the next one or two years. It's a great way to get some cashflow on the side. Even if you're assigning the lease option, you can still create a note and get paid monthly, \$100, \$200 bucks on these notes so you get an application.

Joe: I really highly recommend you find a company that uses humans to do background checks on these applications. Not, I'm not talking about, you know, some computer that spits out some formula algorithms that tells you whether they're a good candidate or not. I've used the lady out in Illinois for the longest time. She does this in all 50 states where she looks at our applications and she'll actually call the previous landlords and make sure that the person she's talking to is the actual landlord in county records, right. She'll actually verify that they are who they say they are because it's happens all the time an applicant for a tenant for a lease will give their friend as a previous landlord or something. You want a tenant screening company that will actually go in and verify the paycheck stubs and will call the previous employers and say, Hey, you know, they send us a paycheck stub for that.

Joe: They made \$5,000 last week or two weeks ago. Is that true? And it's funny, we've seen this many times. They can falsify these paychecks stubs and they don't actually work at this employer. If they give a phone number for an employer the lady that I use will actually not call that number first she will verify that that's the actual phone number of the company that she did some research on Google. Anyway, you want somebody like that, right. And you can, if you have my course, I share with you the people, the companies that I use for this. But you could always just go to your local real estate clubs and find out who are the screening companies that other landlords and investors are using and just use them, okay. You also want to look at their criminal background history, make sure they don't have a violent past, right?



# REAL ESTATE INVESTING MASTERY

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

- Joe: I'm okay with somebody that got, you know, some criminal trouble maybe with light drugs or something. Like marijuana to me isn't a big deal if they were arrested for marijuana possession unless it was like a few weeks ago, but if it was something like five years ago, you know, that's not a big deal. So it's kind of more of a violent criminal history. You want to look at, you want to look at criminal, I mean prior eviction history, evictions are a no go for me. Like I don't care how long ago it was, I don't, for the most part, I don't like any evictions at all. Here's the most important thing you're looking for, okay. You ready? You need to make sure they can afford the house and the tenant buyer has a realistic chance of getting a mortgage in one or two years. And sometimes the best person to have on your team to help you with that is a mortgage broker.
- Joe: So start asking around in your neighborhood, I mean in your community and where you live with the investor community, who are the mortgage brokers out there that work with credit challenged buyers, you know, who are the mortgage brokers that are good at getting loans for people with credit scores in the mid six hundreds or whatever. Don't believe the lie that all brokers are the same. Like all mortgage brokers have access to all the same loans. That may be true, but it's just, there's such a huge difference. I've seen this over and over and over again in my experience in years in investing in real estate. One mortgage broker says that I couldn't get a certain loan or I couldn't get somebody this certain loan. And then another mortgage broker actually does and they know of this program and they know how to the right way to do it and present it and all of that.
- Joe: So make sure you're working with a good mortgage broker that understands how to work with credit challenged buyers and can help them with credit repair. You know, they'll tell you, yeah, if they do this and this and this, they should be able to get a mortgage in one or two years, right? That's the most important thing. You're looking for somebody that can afford the house and has a realistic chance of getting a mortgage in a year or two. You want to make sure they have 3% to 5% to put down. You want to look at their debt to income ratio. Normally, generally speaking, you want to make sure that the they're income is at least three to four times the rent. So if their rent is \$1,000 a month, do you want to make sure that they make at least \$2,500 to \$4,000 a month in rent?
- Joe: You also want to make sure they don't have really large outstanding judgments like you know, \$500,000 tax lien or whatever. Or they have like \$100,000 in unpaid



# REAL ESTATE INVESTING MASTERY

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

child support alimony because you know, no bank will ever give them alone with those kinds of liens and judgments. So you want to make sure that, again, they have a realistic chance of getting a mortgage and paying off those liens and judgments within the next one or two years. The final thing I'll say is, you know, you want to look at and their credit report, do they have a bunch of unpaid utilities, like they having a hard time paying their \$50 a month cell phone bill that could spell trouble. So does that make sense? Now once you find a good tenant buyer, there's paperwork and now it's kind of hard to talk about this on a podcast without showing you the contracts.

Joe: And I only show people who have my course, my contracts, but I'll just say this, there's a lot of paperwork involved, but it's really simple once you learn it and you always want to make sure you have a separate lease and a separate option agreement with the tenant buyers, a separate lease in a separate option. Because if you ever had to do an eviction, you just want to have a lease that you can give to the judge and, you want to make sure you get a seller's disclosure statements filled out from the original seller, the A to B so that you can give that to the tenant buyer. You want to make sure you get a lead based paint thing because that's kind of required, right? What else? Oh yeah, if you're doing a sandwich lease option, this is really important. You want to make sure you get a memorandum of option filed in the county records and you also want to make sure that the not over encumbered.

Joe: So usually when I'm first getting the property under contract with the seller, I just have them sign one thing. When I find a good tenant buyer and I'm ready to proceed with the deal, then I do more of my due diligence in the property. I want to do a preliminary title search. I want to make sure the loan is actually current. I want to make sure I have an escrow company, third party escrow company in place where they can collect the rents and pay the mortgage. You also want to make sure this is important. You want to make sure that the tenant buyer is making out their option deposit check out to an escrow company. That way it just makes it easier for them to get that money credited back to them when they get their credit fixed and get a mortgage and all of that good stuff.

Joe: All right, so whew, a lot of information I'm worn out. If you want more information about how to do lease options, there's two things I want to give to you. Number one, you can get my book for free, just pay shipping and handling. It's called Wholesaling Lease Options and you can get that book at [WLBook.com](http://WLBook.com)



# REAL ESTATE INVESTING MASTERY

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

WLOBook.com. It's free. Just pay shipping and handling. I think it's six or seven bucks. If you want to watch my master class on how to do lease options, it's a class called Simple Lease Options and you can watch that class at SLOClass.com SLOClass.com s as in simple and if you want to come and hang out with me and Gavin come to our next workshop, work with us one on one. We'd love to work with you. Set up your systems, help you do some deals, make a lot of money.

Joe: Then let's talk. Go to CoachJoe.net. Love to have you here at the next workshop and we'll be doing some more podcasts later today, maybe tomorrow, and talk about some cool things that go on. I'm excited about this market. I love lease options. Here's the thing, guys. Lease options are some of the easiest and fastest way to get started in real estate today. For one simple reason. There's tons of sellers that are willing to do a lease option, but very few investors know how to do them.

Joe: So while all the wholesalers out there are competing like crazy for these few small pocket of sellers that have a lot of equity in a lot of motivation, everybody's pretty much ignoring these sellers that don't have much equity and can't sell their house or traditional way or they can't wait any longer and you can come and offer a lease option once you learn how to present the present the idea, once you learn how to make offers and follow up, man, there's so many deals out there.

Joe: So I love lease options and one of the easiest and fastest ways to make money in real estate today. And once you learn how to do lease option deals, I'm telling you you'll never have to worry about money again. There are so many opportunities and you can do these deals virtually in any market in the country, doesn't matter. Cool. All right guys, one more time go get my book WLOBook.com register for my master class at SLOClass.com Simple Lease Options, SLOClass.com and if you want to get some coaching, get some personal one on one help. Go to CoachJoe.net. Appreciate you guys. We'll see you later. Bye Bye.