



REAL ESTATE INVESTING MASTERY

www.RealEstateInvestingMastery.com

Free Coaching Call Replay- Q&A Part 1

Hosted by: Joe McCall

Guest: Gavin Timms

Joe: Welcome. This is The Real Estate Investing Mastery podcast.

Joe: Hey everybody. Welcome. This is Joe McCall and I'm with...

Gavin: Gavin Timms guys. How we doing Joe?

Joe: Awesome. Hey, did I get a haircut?

Gavin: Looks like it.

Joe: No, I got all of it cut.

Gavin: You'd be like mine soon. It's a dad joke.

Joe: Yeah. Well my kids still laugh. My kids still laugh. So yesterday Gavin and I did a free coaching call. Had a ton of people on there. We told everybody, hey, submit your questions in advance. But little did we realize we would get so many of them. So we couldn't answer all of them and we thought it would be better during that call to do some deal analysis. So it was really cool. If you haven't seen that yet. Somewhere on this page, I'll tell you what, I'm going to give you a page here in a minute. You can watch the replay of that coaching call. We analyzed what, like four or five deals.

Gavin: Yeah. Yeah.

Joe: It was good. It was fun. I enjoy those kinds of coaching calls where we don't answer the what if questions we answer like here's some deals. This is what you should offer. And maybe you know, so that was really helpful. Well today we're going to answer a little bit of the what if questions. I want to tell you guys, first of all, you can watch, I'm going to give you a link to a page where you can watch a replay of that coaching call. You can watch a case study video. Gavin and I did where we talked about how we made over \$155,000 in two months in a virtual market. Couple virtual markets maybe. I don't even know Gavin does, but I don't even know



REAL ESTATE INVESTING MASTERY

www.RealEstateInvestingMastery.com

if Gavin knows like this is so cool. It's a virtual market without any direct mail, without talking to any sellers all right. We were actually partnering with one of our coaching clients in this market and we split the deal with them over \$155,000 grand in two months, okay.

Joe: Not doing any direct mail. So we walked through step by step what we did. And then there's some other videos. We did some case study videos with some of our clients. Rachel and Matt talked about how they overcame challenges, how they're doing deals today. We talked with Gary Proctor, Gary's a guy doing a bunch of deals in Buffalo, New York, and we coached him and we've got some great feedback. We released that as a podcast, getting some great feedback from that. And in another video case study I did with one of our, I don't want to say original, but a coaching client that has been with us for long, long time. He's crushing it in small town Illinois, which I love. His county has 200,000 people in it and he's doing really, really well. And he was at one of masterminds recently. And so I said, hey, can we talk?

Joe: And I interviewed him and it's just amazing. You're going to get a lot of inspiration from listening to these people about the deals that they're doing and how you can do them too. So I'm on that page. If you go to JoeMcCall.com/apply, JoeMcCall.com/apply I probably could have come up with a better domain than that, but well I was in a hurry and that's where it's at and you can find all these videos there, okay. And there'll be a button there that explains a little bit about more about the coaching program that Gavin and I do. So, Gavin, real quick, what does our coaching program involve and why should anybody even be interested or care?

Gavin: Yeah, so guys, if you're interested in working with us, we kind of change things up. Probably about 15 months ago, we've been in the education business. I'm going up to four years, Joe a lot longer than me in terms of the real estate coaching business. We changed things up, which was huge for us about 15 months ago where we kind of looked, we have two programs, we had a high level one-to-one and we had a group coaching program and we kind of analyzed it and said, why is it that people who got in more results that one to one and not at group coaching? And people would say, well, it's because of working one to one. Well, yeah, that helps, right? But there's more to it than that. That's going to help, right? If you can work with on one to one, it's going to help more.



REAL ESTATE INVESTING MASTERY

www.RealEstateInvestingMastery.com

- Gavin: Well, it's the fact when we analyze people in a group coaching, we'd be with them for six weeks and we still haven't spoke to a seller yet. And that is a problem. We cannot get deals done if we're not talking to sellers and we're not making offers, so what we do now is that we set everything up for you, okay? So we come up with a marketing plan that is tailored for you. No one plugs into the same marketing plan. Everyone has their own marketing plan, okay. Their own game plan, their own goals, their own system. And once we know what that is and between me, you and Joe, we come up with that, then we build the systems out.
- Gavin: So we get the system to go and we get the leads coming in. You know, the zip code, you know, the plan, the leads come in. Now there's no excuse. You are focusing on talking to sellers, making offers and doing deals. Whether this is in wholesaling or lease options, does it matter? Again, it's tailored to you, but your goal to how quickly can I do a deal is going to be much faster if you're focusing on them things. So that's why we kind of built it in that way. And success rates have been fantastic.
- Joe: It is phenomenal and I am always blown away. We do these little two day implementation workshops. It's not just teaching, it's implementation. And we've got clients that actually walk away from those meetings with leads, with appointments, with deals. It's awesome. So every month, every one or two months, we take about anywhere from 5 to 10, maybe a little more clients in a small conference room here in St. Louis. We work with them on their business. We look at deals, we make offers, we set up their systems if they're not set up already. And it's really amazing. We do that and then about three or four times a year we have a private mastermind with all of our current coaching clients you can access anytime, Gavin and I through an app called Voxer and you can ask us questions. So it's really, it's working closely with us and we just, we just love doing deals.
- Joe: We've had, I'm telling you, I've been in the coaching business a long time and I don't know anybody who has better results than we do, who does more than what we do to help our clients get started and get going. And you know, if you can find a better program than that, then by all means, sign up for them. But if you want more information, again, go to JoeMcCall.com/apply, JoeMcCall.com/apply all those videos that I talked about will be there along with the replay of this video and also you can get some information about working with us. Cool. So we jump into these questions.



REAL ESTATE INVESTING MASTERY

www.RealEstateInvestingMastery.com

Gavin: Yes, let's go.

Joe: All right, so I'm just going to open it up here and I'll repeat the question. Can this work if sellers have no equity or negative equity for lease options? The answer to that is yes, it can work for any seller. Now if there, if it's super upset and believe it or not, there are still, I read somewhere the other day, there's about 10% of sellers in the United States today, 10% that are still upside down on their homes. Based on the market depending on where it is, their still a little upside down in their homes. Obviously it's not as bad as it used to be, but there's still sellers that have little to no equity, which is why I love lease options. Everybody's ignoring those. Now if it is if it has little to no equity or it's a little upside down, you just got to make sure you're giving yourself enough time. So, you know, maybe instead of two years you got to get 5 years, 7 years, 10 years, okay. So yeah, just make sure you give yourself lots of time on those deals.

Joe: Next question is from William. With some of our coaching clients and people who have some of my courses, we give them a contact information of some of our VA. So he had a question here about the phone number for you, Yvette. So I'll answer that at another time. He says here in your course, you refer to using Podio in a lot of your trainings. Do we now use REI Simple instead? How is this implemented? So, yeah, just about six months ago, I think it was, we really started I opened up REI Simple, which is our new CRM 100 million times better than Podio. So it's awesome. Now we still use Podio, right? Like are the deals we're doing in Alabama? We started doing them about two or three years ago and everything's in Podio. It would be way too much of a hassle to move things over to REI Simple.

Joe: Maybe we will someday, but for right now we are humming along, doing 2, 5, 10 deals a month sometimes. So we'll just stick with Podio, right in there. Use whatever you're comfortable with, right? Keep it simple. One of our students Greg said, he's so cool. I did a podcast with him and he said, one thing I learned, Joe, is if I'm not talking on the phone and if I'm not talking to sellers and making offers, everything else is stupid. Everything else is stupid. So if you're a Podio expert, I can probably guarantee if you show me a Podio expert, I'll show you a broke wholesaler, okay? Like if you're good at the systems and technology, you're probably spending too much time doing the wrong things, okay.



REAL ESTATE INVESTING MASTERY

www.RealEstateInvestingMastery.com

- Joe: If you're not making offers, everything else is stupid. So if you just need a pen and paper, you know and you've got an assistant helping you, like that's all you need. Obviously it helps if you get a really good CRM like REI Simple. But we're just saying we've seen this over and over again. Gavin, you remember that one client? We had a great guy, but he was really, really good at Podio. And talk about that. Do you remember?
- Gavin: He was really good. I mean, it's Podio. Like we came to a workshop and like, he blew it, it was awesome. It was like, this thing was on steroids it was so good, right? And he added, he clicked this, he did that and he sent that and you click this and do something else. I mean, it was like full out and decked out, unbelievable, like one of the best I've ever seen. And then we asked him a question, how many deals are you doing? And he'd done something like 4 deals in the last 18 months.
- Joe: He had tons of seller leads in there.
- Gavin: Oh, endless.
- Joe: But his offers app was like bare, like two or three. So we helped him with that.
- Gavin: Yeah. And that's what we try and do. And we talk about everything's important but you have to prioritize, right? If you want to make money, phone an office, that's it. Phone and an office. If you've got to make money and you've got to make money this week today, that's where the money is. So obviously something like REI Simple is going to help you stay, it's going to prepare you and keep you organized. That's what it needs to do. It doesn't need to do, don't worry about sending offers through to click to mail yet, right? Or doing any of that. Just keep it simple to start with.
- Gavin: And then you can add things as you make money. And here's the best way to when you, one thing I learned pretty quickly, go make money and then pay someone to do it. I need a website. You don't need to build a website. You don't need to know how to build a website. You pay someone to build a website, but don't think you need to enter this business and I need a website or else that's it I can't do business. You don't need a website.



REAL ESTATE INVESTING MASTERY

www.RealEstateInvestingMastery.com

- Joe: Yup. Good. And this kind of relates to the next question here. This is from Lorena. She asked us to evaluate a certain deal in Cutler Bay, Florida. And I'm not going to go through looking it up right now, but some of the questions were like, on this deal. Can you tell me what the offer didn't work out because the seller didn't understand lease options and I probably didn't explain it well either. She says, where is the fine line between a seller asking too many questions and taking control of the conversation? And the investor educating them about how these options work if they don't understand the offer, how do you navigate that properly? Well, one of the things that we talk about a lot is you need to stay in control of the conversation and you need to be the one asking the questions.
- Joe: You know, your average calls, you should know within the first three to five minutes whether the seller is motivated or not. Like if they're ready to do a deal or not. What I used to do is I used to make the mistake of like going into, I call it, I borrow this term from Claude diamond, a premature presentation mode where I'm just like spewing out and barfing out all over them. All of the benefits of lease options and like explaining everything and like just selling, selling, selling, trying to sell the lease option concept. When I learned that that's not the thing to do, you need to step away. You need to get the seller, you need to ask the seller so many questions that they're selling you on their house. You need to have the attitude of like, why should I want to?
- Joe: Your job should be to disqualify them. And we see this so often sellers, our students make this mistake of trying to sell too hard, chasing the seller to try to convince them why lease option is the best thing they should be doing right now, right? Well you need to stop doing that. You need to just be the one asking the questions. You can answer questions real briefly, but I used to go into this five minutes spiel of what a lease option was and why they should do it. Instead now it's a question like, well, you know, I don't know if I can get you that price or I don't know if this will work for you, but what if I could lease your property?
- Joe: What if me or one of my buyers could lease your property for a few years and take care of the maintenance and repairs, take care of the vacancies, you don't have to pay any realtor commissions and then we'll buy the property. What would you want to do then? There in just one question, I sold all the benefits of a lease option to the seller and I asked them if I could do this and I can get you that price. What



REAL ESTATE INVESTING MASTERY

www.RealEstateInvestingMastery.com

would you want to do then? Could we do business today? Do you want to add something to that Gavin?

Gavin: Yeah, I was going to say, what are the best ones to turn and have control on the phone. If you lose control, you might as well put the phone down, right. And I think that's just not in the lease options that's just in general. You have to control all the time. So if you're getting things in and it's, you've got to turn it back on and the best way to do it is two things. You just say, that's a good question. Why did you ask, right? Find the concern or, that's a good question, but let me ask you this and then you ask the question so you don't even need to answer. it You just turn it, that's a good question. But let me ask you this and then you ask a question. Now you'll gaining control again.

Joe: You can also answer it with, I don't know. That's a good question. Why did you ask? I don't know I've not seen the house yet. If they ask a question like what if the tenant tears up my property? You could always, you turn it around with a question say, well what if I could show you, you wouldn't have to even worry about that anymore. Would you be interested in doing a lease option then? Or if they bring up an objection about your experience and you are just starting out. By the way, I get this a lot. I don't, I've never done a deal before. Well listen, if everybody had to do a deal before they did their first deal and nobody would have ever done a deal like it doesn't make any sense. There are tons of people out there that have done lots of deals and they all started from somewhere.

Joe: How did they do it? You just got to have some confidence, right? And you got to deal with motivated sellers. But if a seller says something like, you know, how many deals have you done before and you get nervous because you don't have a website and you've never done a deal before. Sometimes I'll say, and even though I've done a lot of deals and they asked me about my experience, I say, well I understand why you might be concerned about that, but let me tell you something. All right, let me ask you something. If I've been doing lease options for 20 years and I've done thousands of them, would you be interested in a lease option then? Could we do a deal today? So I'm not answering their question directly, but I'm answering it with a question back, well what if I did have tons of experience would you want to do at least option then?



REAL ESTATE INVESTING MASTERY

www.RealEstateInvestingMastery.com

- Joe: You got to get to the real heart of the objection. And a lot of times they'll say no, and then you pull away, you know, that's fine. Give them permission to say, no, this is probably not a good fit for you. When you do enough marketing, you get enough leads, you're going to get the motivated sellers. It may not be the first time you talk to them, but after three, four times of follow up, you're going to get that going. You're going to find the motivation then. So I want to say one more thing about, oh, go ahead Gavin.
- Gavin: I was just going to say just those two add this, we just had one last week that we needed \$50,000 and it was a wholesale deal and he said he wouldn't go any less than \$60,000. So I said, okay, we're not doing it then. And they said, what do you mean? We're not interested. And he said, well I can't go any less. That's fine. No problem. So we've done the conversation two hours later he's calling \$52,000 two hours, he's dropped \$8,000 right. So don't, you know when you've got them in the bag when that happens, right. Because their coming their chasing you, their calling you.
- Joe: Yeah. And you always suggest that they should probably list it with a realtor. Like, oh, you should probably just list it with a realtor. You get the price that you want, you know, and if that's what they need to do, then that's the best thing to tell them. One thing I'll say here about Lorena's offers, she sent me a screenshot here. She gave an option one of a sandwich lease option and then an option two of a lease option assignment. One of the big mistakes she makes here on a sandwich lease option is it says term three to five years, your choice. Big Mistake don't do that. Just offer five years, okay. That's where you start from. Don't give them a choice. And then the option consideration for the sandwich lease option and the option consideration for the lease option assignment is the same.
- Joe: You don't want to do that either. It's a lease option assignment. I give them maybe a \$100 bucks, not you had here \$2,000. Okay not a big super big deal. But again, on the lease option to sign, he gave them a term of one to two years. Your choice, just make it two years. Again, don't, remove yourself of this mentality selling them, okay? You need to ask them a question like you know, mind if I ask you a few questions about your house to see if it would even be something I would I'd be interested in? Or tell them right up front. I'm an investor I'm looking to possibly maybe do a rent to own or at least purchase on your house. Do you mind if I ask you a few questions about the property? So you're the one asking the questions.



REAL ESTATE INVESTING MASTERY

www.RealEstateInvestingMastery.com

- Joe: I hope I can get that clear enough. I think we made our point. So don't, yeah. Okay. Anyway, this is from Christopher. I'm looking at your process for wholesaling leasing, wholesale lease options. I noticed that you need to prequalify tenant buyers. Do you have to also prequalify with a mortgage company to start a lease option deal? No. So, and I've never had a lease option deal where the seller pulled my credit. Even when I did a lease option deal on two different properties to buy my own house, I never had the seller pull my credit. It's just not necessary. And if they do, they're not motivated enough. You want to deal directly with sellers. If, you know, if a realtor starts saying, well, we need to pull your credit. I just back away. And I say, well, you know, this probably not going to be a good fit for you, this is not the way I do deals. It sounds to me like this isn't going to work and pull away.
- Gavin: The other thing is, just to add on that. When I, because it is a common question that can come up, is I say I do a lot of deals. Do you think everyone I deal with, if they pulled my credit, I wouldn't have any credit. And normally they'll go, oh yeah, that makes sense.
- Joe: You got to think of yourself as a cash buyer. If you had money in your pocket, like \$5 million burning a hole in your pocket and you wanted to buy a seller's house, you think they would want to look at your background? Would they want to do, would they want to know your experience. If they're motivated and they got a problem on their hands and they want to get rid of this house, but they care about how many deals you've done before, what your credit score is like, if you have a website, if you have business cards, no, they just don't care. So don't think that they will. And if they do, they're not motivated, they're not ready to do a deal yet, okay. You're the one wanting to buy the house. You need to get them to sell you on why you should want to buy their house and help them solve their problems.
- Joe: All right. How do you train a VA to make offers for you and expect them to know what they are doing and so little time without being so confused? It's a good question. We get this a lot. There's the different levels. Leads are in different kind of stages, right? You got cold, warm and hot, let's just say. If a lead is cold, I'm going to tell my VA on Voxer when I'm sending them a message. Hey, send a three option letter of intent to the seller and what the VA does with my calculator. And I teach you some of my course, they're going to go to Zillow, Eppraisal, Redfin, Realtor.com



REAL ESTATE INVESTING MASTERY

www.RealEstateInvestingMastery.com

etc etc. And they're just going to take the f estimated values that they give an average them and they're going to use that as the ARV.

Joe: They just stick that number into the spreadsheet. They stick the square footage of the house based on the pictures. They either put \$0 dollars per square foot for repairs or anywhere from \$5 to \$20. I don't overestimate or over analyze this thing, right? And then they put the zestimate rent in there and then bam, it gives you three different offers all right? Simple as that. But if it's a warm lead or a hot lead, I'm probably going to make the offer myself. But my initial offer, I'm not going to spend more than three to five minutes on that, okay. So sometimes it's even like you can, you know, in your head just by looking at Redfin or Zillow like or Prop Stream, you know, this is where I need to be. You can just tell your VA, hey go ahead and send them a sandwich lease option offer.

Joe: And take the average of Zillow, Eppraisal and Redfin, multiply that by 85%, subtract \$20,000 grand for repairs and offer them 75% of zestimate rent. Okay, boom. That's the offer the VA sends it for you. So when we talk about have your VA sends offers for you, it's pretty much like what we mean is have them send three option letter of intent to all the cold leads, the warm and the hot leads you need to be a little bit more involved in. But the VA is actually one that puts it in the system, in the CRM, creates the documents, emails it and sends it in the physical mail to the seller. You're not doing the data entry stuff.

Gavin: And just make sure as well that you don't get lazy with that. Like, don't just think your VA is going to run your business and do lease options. You know, it's that, as Joe said, cold lead, that sequence and that's it, but when you get to the stage where maybe you look at it and you can do it from a phone, you can do it from your car. Just look, okay, we need to offer this. If you can give them an ARV, then they can do the calculation for you and get the offer out as well on any of you lead.

Joe: Yes. Okay. We already answered that one. This is another question from Allana I'm working with, I'm structuring a deal for a home with an ARV of \$490,000 so the house is worth \$490,000 fixed up. The seller has had the home on the market for about three years. Wow. And has already lowered the price down to \$419,000 and by the way, the ARV is now \$490,000. If it's been on the market and it's listed for sale for \$419,000. Rent in the area ranges from \$2,000 to \$2,400 per month. It is owned free and clear. The seller really wants the seller really just wants something



REAL ESTATE INVESTING MASTERY

www.RealEstateInvestingMastery.com

to happen with the house. She's tired of letting it sit vacant. Where should I start? That sounds like a great deal to me. So I would probably pick the ARV just right now or off the top of my head at \$400,000, okay.

Joe: And I would choose if you have a range, always go with the lower one, right? If you're looking at comps and repairs, always pick the lower one when you're making your like repairs higher amount, ARV lower amount, do you understand what I'm saying? Being more conservative. So if you think the rent's \$2,000, # \$2,400, I would go with rent at \$1,995, right? So I would make a lease option offer with an ARV of \$400,000. So I would do 85% of \$400,000 would be my option price. And then my rent option, my offer for the rent on the property would be \$2,000 times 75%. So I want at least 25% of the rent for cashflow. And I would do five years and I would put down, you know, in the house in this price range, I would put down at least maybe a \$1,000 dollars as option consideration, which by the way, I get that money from the tenant buyer when they move in, right.

Joe: And that would be my offer. It takes me 30 seconds to come up with that, right. You want to spend a few more minutes, you know, do the average of Zillow and all of them. But don't think that the ARV is \$490,000 if they've been trying to sell it and the price right now is at \$419,000 And I'm guessing that kind of a house in that price range doesn't need a ton of work. That's just kind of what I'm going with. But there's some motivation there. Make the offer. If you don't feel uncomfortable in queasy making that offer, you're offering too much and follow up. You know, we've said this over and over again. Last year did 50, 58 deals. Only four of those deals came from the first contact. The first communication, all 54 of them came from follow up.

Joe: Some of them after two years of follow up. Follow up, follow up, follow up, make the offers are going to say no, realtor is going to say no are they going to ask for more money more, you know, whatever. That's all right. Walk away.

Gavin: 93% of people said no.

Joe: Yes, 93% said no. You got to, here's the thing, you got to remove yourself from the outcome. Remove yourself from the outcome. It's all mental in your head. Okay. This is from John. I get this question a lot. How can we access the new modules without waiting if we want to increase our learning curve and application. Okay, so



REAL ESTATE INVESTING MASTERY

www.RealEstateInvestingMastery.com

real quick in my course, I release the modules every week. Unless you're a coaching students, you get them all at once. In fact we probably give you too much education and we have to pair back and tell our students, okay, just do this, just focus on this and this here.

Joe: But anyway, we were doing weekly because it would overwhelm 99% of our students if we gave them too much at once, okay. And there is enough in the first module, you walk through example deals from beginning to end, give you all the contracts and all the paperwork in the first module. You have enough information to start marketing, start talking to sellers and start making offers within the first module, okay. We also give you access to two or three different books on lease options for free that you can read in there.

Joe: And we give you access to a whole entire course called Lease Purchase Wealth in the bonus program. That's the course that got me started in lease option business 10 years ago. So you have enough in the bonuses and the first module to get out there, start marketing, start talking to sellers, start making offers, okay. So I'm going to give you some tough love, Mr. John. Stop making excuses. Stop thinking like I got to understand steps seven and eight before I do steps one and two. No, you'll never get anywhere by doing that, okay. Stop thinking you have to have all your i's dotted and all your t's crossed and have all your questions answered because that'll never happen. Start marketing talking to sellers right now. Okay, what were you going to say Gavin?

Gavin: No, you're exactly right. We see it, again it's always the odd one that wants all the training. Because here's the other thing as well. When you have more training, instead of actually taking action on that training module, you just go to the next one and then you go to the next one and before you, then you hit number three. You can't remember what you've got to do on number one. You can't find the information, is it in one or two? So you spend another hour trying to find what you wanted and it comes down to a complete disaster. And then we get the email in, I'm completely overwhelmed and I don't know where to start, etc. etc. So you've got to do module one and do it. So it's like, I'm done, I've got a marketing plan, I know what I'm doing. And then the next module comes out.

Joe: Yeah, exactly. And even if I could, I don't have a way to really sell the modules. Another question here from Jay, if someone is open to doing owner financing, how



REAL ESTATE INVESTING MASTERY

www.RealEstateInvestingMastery.com

do I proceed? They want \$16,000 down on a \$300,000 house for five year terms. How do I work this? You got to think about this. If the seller wants \$16,000 where is that money going to be coming from? Do you have \$16,000 grand that you want to give to the seller yourself? How if you turn around and do a lease option on that house or turn around and do a rap and sell it on a rap or owner financing, how much money do you think you're going to get down from the tenant buyer? Usually on owner financing, you know you're going to get 3% to 5% down. So they're asking right now, it looks like about 5% down on this house.

Joe: The seller is number one that tells me they're not motivated right now and they're not interested in, they're not motivated enough to do a deal. So you've got to come up with \$16,000 grand out of your own pocket or you're going to get \$16,000 grand from a buyer and then you're just going to turn around and give that to the seller and you have no upfront money in your own pocket. So I just tell the seller, I'm sorry, that's not going to work. Yeah, but you know what? I can send you an offer anyway of what will work for me. You can look it over, throw it away if you want. Not a big deal. Is that okay? But you got to pull away like that's just tell them it's not going to work. I can't pay you that much money. How am I going to make any money?

Joe: However you want to say it nicely, okay. Gwen, I am a newbie and I'm trying to make wholesaling lease options, my niche. So I have three questions. What is the house criteria I need to search for? You want to search for price of homes in the middle median price range. You don't be, don't over analyze this too much, but like you want to be in that meeting sweet spot. If the median home price is \$100,000 in your market, you don't want to do lease options on homes under 100,000. You want to stick pen kind of between like a \$100,000 to 300,000. That's the sweet spot. There's no magic formula to it, but just like where most of the people are buying and selling homes, that's where you want to focus. You don't want to get into the expensive homes. You want to avoid the cheaper homes.

Joe: How many bedrooms and baths should I be looking for? I don't, you know, I don't know. You've want to shoot for three bedrooms, three to four bedrooms. But I would still do at least option on a two bedroom. I'd still do lease option on a 20 bedroom, but you want to kind of look where most people want rent amounts. You want to be in that median rent range in the Midwest, you're going to be like, maybe between a \$1,000 to \$2,000 a month. Mild, I'd say maybe a \$1,000 to



REAL ESTATE INVESTING MASTERY

www.RealEstateInvestingMastery.com

\$1,800 a month, right? If you're in California, might be \$1,500 to \$3,500 is the state where you want to be. A repairs, what do you mean? I thought we buy houses as, is this a good question? I want to get into that. But you know, if you got my book or my course, I talk about the repairs.

Joe: You don't do any repairs to the house. Insurance. How do we protect the property? Usually 9 times out of 10, the owner has a mortgage on it and they're paying insurance through their mortgage company as an escrow. And the seller would have or will convert their insurance policy to a landlord policy. And I do require the tenant buyers to purchase tenant insurance, okay. Rental insurance. They don't need to get homeowners insurance. So that should answer your question Gwen, okay. Multiple questions there. Shawn is asking, I have your simple lease options system. I've got my LLC set up. How can I do this? Oh, I have not got my LLC set up. How can I do this without an LLC? This has been a hindrance to me from moving forward to a life due to liability. Can I start the business without an LLC?

Joe: Yes. Okay. So you don't need to know LLC to start doing deals. I do deals in my own name. Now I'm not a lawyer. I'm not giving you legal advice. It does. It is a good idea to get an LLC. I don't, but I'm just saying that I don't think you need to have one before you making offers. And if you're concerned about it, we'll just get an LLC. Go to like, I don't, what's those websites you seem to advertise all the time? Legal Zoom or Legal Wiz or...

Gavin: Yeah, it's pretty simple. Like just yet get one and call it anything. Don't spend three hours worrying about the name.

Joe: This is what I tell people all the time. I mean you're, you're, well, I won't say what your email is here, but use that email as your LLC. What street do you live on? If you live on Cambridge Street, call your property, your company, Cambridge Holdings, but don't overthink it. In fact, I had a friend who had an LLC, he wrote me a check. It was like PMQR5 I'm like, what is this LLC? Right? So what does this stand for? And he says, I don't even know. I just randomly pick the letters and numbers. So okay, you can be anything you want, right?

Joe: This is from Joey. I have a lead where the owner is moving out of Georgia to Texas and just wants to pay off the property. \$92,000 so I think that he owes \$92,000 the property is an excellent condition with four good comps on the same street size



REAL ESTATE INVESTING MASTERY

www.RealEstateInvestingMastery.com

and condition within the last three months and that has the property worth between \$114,000 and \$220,000 I've considered just hoteling it, putting it under contract at \$92,000 and listing it at \$115,000 I can tell you right now, there's not enough room for that.

Joe: Too much risk, not enough room. You're going to be hoteling it you want to be buying it at 60, 70 cents on the dollar and you know what? It's okay when you're making an offer, especially cash offer, just ignore how much they owe on it practically like you need to make an offer for a number that works for you. Doesn't matter how much they owe. That's a big enough pain in the butt to that seller they will bring money to closing to get rid of the problem. Worst case, he says you might be able to just rent it out if he can't sell it, but really prefers to get it paid off to purchase his next property. How do you proceed? Deal or no deal? I would make cash offer and a lease purchase offer and yeah, I would ignore what he offers.

Joe: I mean, what he owes, let's just say it's worth \$114,000. That's the lower end of your range there. I would take \$114,000 times 0.85. I'd give him a lease purchase offer at \$97,000. And if the rents are, let's just say a \$1,000 a month, I would offer him \$750 a month in rent for five years. That's what I want to put down a have maybe \$500 bucks as my lease option offer to him cash offer. You know, I would, let's just say the ARV is \$114,000 like you had times 0.7, let's say it doesn't need any repairs. Minus my \$10,000 wholesale fee. I'm going to offer him \$70,000 as a cash deal, okay? Okay, let's go to the next one, Leon. Oh, by the way, another fast way to make quick offers is just take the lowest three sold comps, take the average of that times 80% Leon, does a lease option only work for pretty houses.

Joe: I have a potential deal that doesn't fit the criteria for a wholesaling deal. The ARV is \$215,000 repairs for \$35,000 the seller owes \$155,000 on a mortgage. The monthly mortgage payment is \$1,300 currently rented month to month for \$1,600. All my attorneys are trying to talk me out of it saying it's too risky. I love it when attorneys started to talk you out of a deal, because I've heard attorneys say this over and over, Gavin, it's impossible to find discounted properties because the realtors find them all first. It's impossible to find a property at 60, 70 cents on the dollar. Or a seller would never do at least purchase with you when they could just sell it on the MLS. Hear that over and over again.



REAL ESTATE INVESTING MASTERY

www.RealEstateInvestingMastery.com

- Gavin: Because everyone uses that personal opinion to what was going on in their life. You might not do it, right. I wouldn't sell my cash, no way for 70% on the dollar because I don't need to.
- Joe: Yeah. All right, so this is an interesting deal, right? There's good equity in there, but when you factor in repairs, so when I making a lease purchase offer on a property that needs a lot of work, you can do lease options on fixer uppers by the way. And sometimes those are the easiest deals to sell because you can lower the rents, there's equity in there and you're going to get a contractor or somebody who's handy in the house to fix it up themselves. They get to pick their own flooring, their own colors, their own carpet, their own fixtures like, and it might cost you a \$35,000 grand for a contractor to do it all. But if they do it themselves, it's only going to cost them like \$15,000 grand instead of \$35,000 grand. So they can save a bunch of money, do it themselves, do it right, nicely, you know.
- Joe: So when I'm doing a handyman special on a lease option, I get tons and tons of interest in it. So when I'm making a lease purchase offer, I do 85% of the as is value. And in this example, the as is value is \$215,000 minus \$35,000. I know you can't see my numbers. So that's \$180,000 times 0.85, which is \$153,000, which is right about what they, oh, okay. So I would give the seller a lease option offer for what they owe. Now basically use it in terms of, listen, I can just take over your mortgage and you don't have to worry about anything, okay. I've asked him, would you be willing to sell the house for what you owe? I would also ask them, would it be fair to you if I gave you the same equity you would get if you sold with a realtor?
- Joe: That's fair, isn't it? So yeah, I think I could do that. And you show them the numbers. All right, so if you were to, if it's worth \$215,000 fixed up, you'd put \$35,000 grand into it. All right? Then you can sell it for this and you're going to have to pay a little discount here. Or you're going to have to pay commissions here. You're going to have closing costs, you're going to have to fix a bunch of things from the inspection that they get. So you're going to walk away with really this, then you owe this. So if you run those numbers, it'll be about what they owe on the property right now, okay. So you show them the numbers. I would give them an offer for what they owe. And, you know, the mortgage payments \$1,300 and currently rents from month to month at \$1,600 once you fix it up or you might be able to get a little bit more. I don't know. So yeah, I would offer them what they owe.



REAL ESTATE INVESTING MASTERY

www.RealEstateInvestingMastery.com

Speaker 2: Yup. Hope that makes sense. And it's not too risky. There's a lot of equity in that deal. Okay, we know this person. This is a house they want me to evaluate as a lease option. I'm going to go through this really quickly here. The address is blah, blah, blah and Maryland. I replied to a Craigslist ad by the realtor who said he's not sure if his client would be open to a lease option, but he did give me his email address. I struggle with coming up with a sandwich lease option and wholesaling lease option numbers because the ad was asking for \$2,700 a month for rent. However, the comps on the MLS showed the property around \$475,000. So for a sandwich lease option offer, I offered \$380,000 and the rent for \$2,100 and for the wholesale lease option price, I put negotiable, okay. Well let me just say this. When a realtor is involved with listing a property, I only offer a sandwich lease option offer.

Joe: It just gets too confusing and complicated and weird. If the wholesale, if a realtor has a property listing and you're trying to do a lease option assignment on it. So I only make a sandwich lease option offer. When I'm talking to the realtor, I talk about how I'm looking for an investment property that I can lease for a few years and then buy. That's it, right? And so I make the offer 85% of ARV. I make an offer at the rent at 75% of the rent and I'm going to make a sandwich lease option offer on that property, okay. And that's fine, if I have to go through the realtor, doesn't matter. The seller is the one who pays the realtor commissions. How they work that out is totally up to them. I don't get involved with that, okay. So just make the offer like you would any other way.

Joe: When it comes to the paperwork, the realtor might want to use their paperwork and I'm okay with that. Maybe as long as I put my important clauses in an addendum to that contract. And that's just too detailed right now to really go into. But if you're a coaching student, we can partner with you on this deal and help you make that offer and or we don't even, we can still help you make an offer. We don't have to partner with you on the deal, but, okay. William, real quick. Is there a software program out there that will allow you to do faster analysis of your deals so that you can get more deals, process quicker? There may be, but I don't think you need one. William, it's like once you learn how to do it, it's easy just, you know, and you can get a VA to do it.

Joe: But I wouldn't even trust, even if there was a program, I wouldn't trust it. And once you learn how to do it, it just takes a minute. In fact, you know, I've done this



REAL ESTATE INVESTING MASTERY

www.RealEstateInvestingMastery.com

before where we've made offers with owner financing offers at whatever the Zillow value is. It doesn't matter because our terms that we were asking for were so stinking good. We were asking for principal only payments until paid. So like it doesn't matter almost at that point you're getting an interest free loan. Yeah. Anyway, I won't go into all the details.

- Joe: But I don't know of an app and I don't think you need one. Next question from William, same question. Same question again. Same question three times. I'm wondering if he was thought I was going to miss it. We've already answered that one. John, how do you market to find a tenant buyer real quick? I cover this in my, on my course. Signs, Facebook Marketplace sign in the yard, bandit signs in the neighborhood, Facebook Marketplace, Craigslist for rent ads and maybe like two or three for rent ads, maybe one for sale by owner ad Zillow if you can get it on Zillow. Yeah, okay. And flyers in the neighborhood if you want, but really signs and Facebook Marketplace are the two hot things right now. How do you set up the offer when talking to a seller to come to an agreement on a lease option? That's a great course. We have an entire module on that in the course.
- Joe: So I can't really, I would take an hour to answer or half an hour. And I think we already talked a little bit about it earlier. Connor, I've lost a lease option deal from someone saying they wanted good faith money, sort of like a deposit in order to market the property. What does a good way to handle this objection, Gavin? Will you take that?
- Gavin: Yeah. Good faith. What did you say? They asked for what?
- Joe: They would ask for larger deposit. They're asking for quote unquote good faith money.
- Gavin: Yeah. It's not going to work. So you just think, what we have to get in our head is this once and then these needs, okay. While they want and what they need a two different things, right? I want a million for my house, but I only need \$500,000 for it, whatever, right?
- Gavin: So when they want, you've got to pull away. The biggest thing is when someone comes and say, yeah, I'll do a lease option. Your on the phone, get to talking, but I want \$10,000 dollars down. That's not going to work, Mr. Seller, I can't do that. See



REAL ESTATE INVESTING MASTERY

www.RealEstateInvestingMastery.com

the reaction, okay, tell them, don't be scared. Don't try and make it into a deal. It isn't a deal. So tell them it's not going to work. Don't say, well, let me see what I can do. Let me look at it and then go and spend an hour trying to look at it. The fact of the matter is it's just not going to work. So just tell them that's not going to work. And then it's all what would work? Look, I normally give you a \$100 bucks down. I can give you your price. I can give you your rent, but I can't give you money down as well.

Joe: Let me stop there. You say it's not going to work and shut up.

Gavin: Yup.

Joe: Silence. Let them come up with the next thing to say.

Gavin: Absolutely. And then you're going to then drive on and tell them, here's the thing. You're not in corporate anymore. So just be honest. Say, look, I say this, I'm giving you the price you want and I'm not giving you the rent. I'm not giving you a bunch of money down. It's not going to work. Like, just tell them that it's not. You don't have to come across it. It doesn't matter. You just tell them and then they say, well, I'm not doing it all right. No problem. I'm just going make you an offer anyway. You tie it up. You say, look, yeah, I understand that doesn't work. No problem. Look, I can just make you an offer.

Gavin: Hopefully it's beautiful house. I'm sure it's going to sell. I'll make you an offer anyway. Yes, send me enough of blah blah. Leave on good terms, off the phone onto the next. You cannot be, you've got to be a deal finder not a creator. You cannot turn non deals into deals because you're going to go broke. You're wasting time. You might as well talk to the next seller along the line.

Joe: Yup. Get off the phone. Still send them an offer. Get off the phone, talk to the next one. Good. We are only halfway through the questions, so let's break this up into two parts, okay. We're going to end this. We're going to stop this recording here. Release this as a part one video and we'll do a part two video here in just a minute. Again, guys, go to JoelMcCall.com/apply, JoeMcCall.com/apply you're going to find about four or five videos there that are going to rock your world. You're going to find the recording of the coaching call we did yesterday. You're going to find this recording there as well and you're going to find a case study video Gavin and I did



REAL ESTATE INVESTING MASTERY

www.RealEstateInvestingMastery.com

about how we did over \$155,000 grand in two months in a virtual market without ever even talking to sellers without doing direct mail. And we break down step by step what we did.

Joe: We did some interviews with some students that are doing deals and three different coaching students that are doing deals. And it wasn't just like a testimonial type of a video. It was like, what are you doing? What's working now? How did you handle this situation? How did you overcome this like breakthrough step by step? I mean there were so many golden nuggets and you got to watch them. I'm telling you it's really, really important.

Joe: Go to JoeMcCall.com/apply and there's information there about how you want to, if you want to work with us, we'd love to roll up our sleeves and get some deals done. Okay. Go to JoeMcCall.com/ apply and we'll see you on the next Q and A video here in. Thanks. Thanks, Gavin.

Gavin: Thanks Joe. Thanks guys.