



Free Coaching Call Replay- Q&A Part 3

Hosted by: Joe McCall

Guest: Gavin Timms

- Joe: Welcome. This is The Real Estate Investing Mastery podcast.
- Joe: Hey everybody welcome back. This is video number three answering all of your questions. If you want to see the other videos, go to JoeMcCall.com/apply, JoeMcCall.com/apply we did a coaching call yesterday. We asked people to submit their questions. We had way too many than we could answer, so we're doing these videos afterwards to answer them and I'm on that page, JoeMcCall.com/apply you're going to find that coaching call the other two videos we did where answered a ton of questions. We got some more to answer right now. We're going to go through them quick.
- Joe: But we also gave you some videos where we interviewed some of our students and asked them like, what are you doing? How are you doing these deals? What are some key golden nuggets? And they're just incredibly invaluable. You got to watch these videos and Gavin and I did a video as well showing you how we did step by step over \$150,000 in two months recently without talking to sellers.
- Joe: Without doing any direct mail in a virtual market. Go check out JoeMcCall.com/apply. All right, so we're going to jump into these questions right now. This is from Vincent. He says, I have limited funds at present. I have owned, developed and lost, so I'm familiar with and experienced in a lease options and I see lease options as a viable alternative. I'm working on getting financing secured for a six and four family unit, fully rented motivated sellers. I have plenty of single family for sale by owners in Maryland where I'm at, which is where I'm looking. I presently live in other part of Maryland and the properties I owned are lost. We're in the middle class areas of Washington, DC. So what's the question here? I'm trying to get to it. Ah, the question is, would you and Gavin be interested in JV on deals?
- Joe: We do JV with our coaching students on deals. So if you're interested in coaching or partnering with us on deals, I'd go to JoeMcCall.com/apply and we'll definitely hold your hand through these deals. Yes.



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- Gavin: And the reason why that is, it's not as just not wanting to JV with you. It's just time. We can't handle it. You know, we made that mistake before. Yeah, we can, I do with coaching clients.
- Joe: Good. Another question from Lou. Are your virtual assistants using REI Simple to make cold calls or are they using some other platform? We use, when they're doing a lot of outbound cold calling, we do Mojo Sells. There's other tools out there Call Tools is good. But we use Mojo because it's easy. A lot of VA's that we hire already know how to use it. Also, you can do calling inside of REI Simple, but it's only one at a time. And so there is an argument to be made between quality versus quantity. It's really up to you. On average Gavin, they have some questions here. How many calls per hour, how many contacts per hour, how many leads per day?
- Gavin: Oh yeah, there's a multiple things that go into to factor in, okay. How many rings are you doing? Are you doing four rings to seven rings? If you're doing seven rings, you're not willing to do as many dials, right? If you do, how many people are answering the phone? So just as an average, I would say if you can, if their dialing anywhere between 60 and 120, obviously the more dials, the less talk time, the last dial was the more talk time. We want a mixture. We want the talk time as high as possible with a lot of volume of calls, not 20 minutes on the phone.
- Gavin: So I would say six to a hundred dials an hour. And I'd say your contact rate should be between ideally 8% to 13%. And you will see that the list will perform much better at the start. And as you work through the list will get less. Just common sense. So, and when you're on your third dial round, that's when you should start looking at a new list. Some of our lists have been called up to 15 times. So that doesn't mean you stop calling that list. It's just time to get a new list and then start the rotation.
- Joe: General rule of thumb, after an hour of cold calling, you should expect one to two, okay.
- Gavin: Yes. And again, it depends on market, but we see anything probably about one lead an hour on average. Sometimes it's less. Sometimes like yesterday we've got like nine in probably about between two and six hours, something like that. But that doesn't happen every day.



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- Joe: Yeah. So this is something that we set up for all of our coaching clients. You know, which is we've found right now the best way to get leads, cold calling absentee owners with equity and not just in the big cities. We also go on the surrounding areas around them and you get a better response rates with them too. So that also depends on like where if you're calling a bunch of absentee owners in the middle of Nashville, Tennessee, you're not going to get as good of a response rate as you would targeting outside of those big MSA's. From Greg Lewis, how do you wholesale a lease option and how does that work? That's a great question and I created a whole course on that, even wrote a book about that. But I would just encourage you to go get my book. If you want at WLOBook.com, WLOBook.com.
- Joe: Basically you get a property with the seller as a lease option and you sell that contract to a tenant buyer and you're out of the deal. That's how it works. Brandon, I live in Los Angeles. Hey, we're real estate prices are high. By the way I was in LA, raised in San Diego and I've lived in San Francisco and I've lived in Bakersfield, so I love California, but I'm glad I don't live there anymore. It's insane.
- Joe: Okay, so he lives in California. I'm curious about investing or possibly doing deals in other states like Utah or Illinois. How is that possible without physically viewing the property? My question is how do you invest remotely? You connect with a team and the state where you're interested in and if so, how do you go about finding that team? Thanks guys. Hey, he says here, what's up Gavin? This is Brandon.
- Joe: You spoke to my wife Hazel and I a few weeks ago. Stay cool man. So, yeah, so that's a great thing about lease options, which is one of the biggest reasons why I love lease options is they're easier to do remotely than traditional wholesaling. Traditional wholesaling you've got to talk to the sellers, get the price down to 50, 60 cents on the dollar. Now we do deals virtually wholesaling and lease options. So, you know, with, I don't know what to say, it's just, it can be done sometimes and Gavin, you have a better way of explaining this than I do, but like, if you just have it in your mind, like this is the way we do deals.
- Joe: If a seller says, why don't you come and look at the house? You'd say, well, I'd rather not. It's going to be too long of a drive, but you know, you can answer questions, you can send me pictures. Is there something wrong with the house that I need to see it anyway? We buy tons of houses all the time without ever looking at them. I'll have my contractor come look at it if we can agree on a price and get it under contract. So what do you say to them?



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- Gavin: Yeah, well absolutely. First thing is when you virtual, as long as you're not going to the house, it doesn't matter if it's 10 minutes down the street or across the side of the United States, if your not seeing in the house you can do it anywhere, number one. Number two, yes. If you are virtual and they do ask exactly like Joe just said, you blame it on the house. I said, well, are you going to come and see it? Well it looks like, especially if it's a lease option, well I'm looking at the pictures right there. You said there were recent, yeah, yeah their recent. Okay is there something that I'm missing. Do I need to come and see it? Is there anything wrong with it? Oh no, it's great. Okay. Yeah, no worries. Well, this is only just step one. So what we do is we're going to send this short offer agreement out.
- Gavin: That's phase one, we'll start the process and then yeah, we are going to call and get some pictures or we're going to show it at some point. So that's when we'll get in the, in the property that's release option. On a wholesale deal, s Joe just said, would be more, get the contract. Yeah, I can come out that's no problem. But it's not really going to benefit us because I have to do a proper inspection. I get my contractor in a, or contractors in because they're going to actually give me better numbers. So I'm just don't want to waste say times, I'm just going to send the contract out and then we'll get our guys in and we'll go from there.
- Joe: Yeah. So once you started doing a lot of lease options, for example or wholesaling, you're going to need boots on the ground. People do inspect the property. Sometimes, you know, you can use a remote or a mobile notaries. And I was just talking to a guy who does a lot of vacant land investing and you know, it's funny, people always freak out. Like, oh man, I got to get the contracts. I got to send a mobile notary to the house. I got to go to the bank and get a cashier's check. This guy is like, no, he tells the sellers, this is how it's going to work. You want to sell your property, I want to buy it. All right, I'm going to email you a contract. You need to print it, you need to get it notarized.
- Joe: Go to your local bank, get it notarized and send it back to me at this address. After I get the notarized contract and the deed and all that, I'll send you a check for the money. And he actually sends a business check. He doesn't even send a cashier's check. And that's just the way he tells us sellers upfront this is how we do it. So you need to set the agenda upfront. And you need to be the one dictating and controlling the deal. This is how it's going to work. S you know, as you start doing lease options, you're going to need a leasing agent to help you lease the properties and you can hire realtors and stuff like that to help you with



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that. When I've done a lot of deals remotely while traveling around Europe and in our RV and stuff like that, I partnered with local wholesalers and I partnered with them that way.

Joe: Good. We've got to move on and go through these fast. Victor, once the PLO agreement is signed, I'm assuming that's a purchase lease option agreement, maybe. Who are the people involved in making the transaction legal? Do I take the seller and the tenant buyer to a title company? What's the process? Well, the contract is legal when there's consideration agreement of the minds and the signature right, from all the parties. So that's makes the thing legal. You don't have to use a title company, an escrow company an attorney. You can eat and maybe you should if you want to, not a big deal, but you know, that's how it works.

Joe: Ken, do you have a formula to estimate rehab costs before submitting an offer as a wholesaler? So you gave me a bunch of information here. I'm just going to tell you this. When it comes to estimating rehabs, I keep it super simple. If I see pictures and it doesn't need any work, zero, right? If the seller says, it doesn't need any work, I do \$5 bucks a square foot. Personally, what's do, if it's cosmetics and like paint and carpet, I might do \$10 bucks a square foot. If it's a full gut rehab, I might do like \$20 bucks a square foot, maybe \$25. That's as simple as it needs to be. Once you get it under contract, then you can have a contractor go to the house if it needs a lot of work and maybe get an estimate if you need to or maybe, maybe not.

Joe: But I sometimes I don't, when we're doing wholesaling, I don't like to give my buyers my contractor's estimate of the scope of work or the estimate of the cost of construction or rehab because what if it's wrong? What if you say it's going to cost \$30,000 grand and the wholesaler comes back to you later and says, Hey, the rehabber says, Hey, it costs me \$40,000 grand, not \$30,000 grand I'm mad at you. So just avoid that. Just be conservative. If you think repairs are going to be \$25,000 to \$30,000 grand, go with \$30,000. You're calculating the repairs are going to be \$22,345 rounded up to \$25,000. Okay. Don't overthink it. Quick, quick, quick. Let's make offers fast. All right. Use dollar per square foot or just, I know one guy who just rounds it off to \$5,000. He just guesstimates. It's either \$5,000, \$10,000, \$15,000, \$20,000, \$25,000, \$30,000 \$35,000. That's how he does it.

Joe: Rolando, what do we need to do to the realtor who wants to do some deal with us and I don't want to sign any contract at all. How do we deal with this type of situation? I'm not sure I understand. If you're going to be working with realtors are probably going to want



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you to sign some kind of, um, disclosure agreement or listing agreement, commission agreement. If you want them to bring you deals, you got to sign their paperwork. It's not a big deal.

Joe: Shamone or Shaiman or Shimon, I'm going to go with Shamone. I'm sorry, but I'm going to go with Shamone. I think that's probably it. Since I purchased the program 30 days ago, I follow the instructions and I am getting 500 leads from Zillow every week and my VA is texting the property owners and nothing has happened in the last four weeks. Any suggestions? If you're texting 500 people a week and nothing is happening, I'm not sure I understand. That's like almost impossible. Now you are in a very competitive market in Florida, but like 500 texts. I don't, Gavin, do you have any ideas?

Gavin: Well, did he say 500 to text for what? I mean, 500 texts doesn't mean that it's going to give you a deal, but you should have interest. Just remember, you're not going to be like, oh, I called them and they said no. You know, as we said in one of the videos, 93% follow up, so it's a, yeah. You know, your not going to close first time, but 500 texts, I would say. I was talking to one of our clients yesterday, he was saying 50, he did 20 texts and gets three. His average was 20 texts and he's getting three to four people speak to. Yeah, so 500. Yeah. You've got...

Joe: Something's wrong. Maybe I'm not understanding the question, so I apologize. But and I see on average and don't want to give numbers to it cause it depends on the county that you're targeting and all of that. But like, yeah, I did some marketing in a market close to where you are and we did, I remember the numbers exactly. We sent out 106 no, I forget the numbers. Sorry. We got about a 20% response rate. I'm not promising that, but we got 20% people that said yes or maybe to my, hey, do you want to lease purchase your house?

Joe: Cedric, if I live in another state, if I live in a state that doesn't allow sandwich lease options, can I do sandwich lease options in another state? Yes. 100% of course. How do I set up an account to make sure the tenant buyer receives credit for their payments that they make and any rent credits due at the time of purchase at the end of the lease, you don't have to, like if you're giving them rent credits, you don't have to set aside that money in an escrow account.

Joe: That's just a credit on paper that goes towards closing costs or seller concessions. It doesn't go towards their down payment. The seller doesn't have to keep that money in an escrow



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account. It's just a credit on paper like a seller would be giving the buyer concessions for closing costs. That's all it is. How did we get paid with a sandwich lease option or an assignment option are we paid the option fees directly from the tenant buyer or is that handled through a real estate attorney title escrow company?

Joe: How do you get paid? You get paid multiple ways. In the sandwich lease option, you get paid up front from the option deposit money from the tenant buyer, you get paid with monthly cash flow, cash now, cash flow and cash later. Cash later is the difference that you're buying it from the seller and what you're selling it to. The tenant buyer for the cash flow is a difference between what you're paying the seller or paying the mortgage and what you're collecting in rent on a lease option assignment. You get paid from the assignment fee on selling that contract to tenant buyer. And the other question here from Cedric is, where do I find the contracts? The contracts are in my course. If you want my lease options course go to SLO Course, SLOClass.com, SLOClass.com for Simple Lease Options.

Joe: Hans, Hans, I'm having difficulty finding buyers with money for the down payment. Where do I find the buyers by the way? I get to sometimes and I have a testimonial from a guy named, oh, I'm sorry, I forget his name. It'll come to me. McGee, his last name's McGee.

Gavin: Frank.

Joe: Anyway. Frank. Yes. Thank you. It's so funny. He's like Joe, every time I post one of these ads I have to turn it off after a couple of days cause I have so many leads. And he says, I got buyers and they have money and he says this is so much easier than trying to find a house and sell it for \$5,000 assignment fee and hoping I find a cash buyer that has \$80,000 spent, like this is so much easier, he was saying. So there are buyers out there and usually if he can't find a buyers, it's one of two reasons. Number one, it's overpriced or number two, you're not advertising it properly. Maybe number three, it's butt ugly. And if it's even if it's butt ugly, if you've got it priced right, you're going to find a tenant buyer for it.

Joe: So you know, if the market rents are \$1,000 and you're trying to advertise for \$1,300, you're not going to get any interest in that. If it's on the side of a cliff, you're probably not get any interest. But even if it's on the side of a cliff and the market rents are a \$1,000, you're advertising it for \$500, you will find people that want that house. So where do you find the buyers? The question here is, Craigslist and the for rent and the for sale by owner



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section, Zillow, Facebook Marketplace, signs, put signs in the yard, signs in the neighborhood. If you do those four or five things you're going to find buyers and make sure it's in the median price range. Again, if it's too cheap or too expensive, the pool of buyers are smaller in those areas.

Joe: Okay. And just like anything else, you're going to have to talk to a lot of buyers, you know, yeah. And it sounds to me like you said here are the price ranges you're coming across as around the \$300, \$3,000 a month price range. Well, yeah, there's a smaller pool of buyers that can afford \$3,000 a month even in California. And you're in Las Vegas, so yeah, you're at definitely in the upper price range and that's going to be harder to find tenant buyers for. You might want to start looking at other areas. Okay next one, Carmen, our lease options currently being done in LA, Los Angeles market. Yeah. Unless there's a law that says you can, I'm sure there's at least one investor in LA county, which is probably the biggest county in the US that's doing lease options.

Joe: And if we had time, I'd go to Craigslist and I would find, you know, 20 people that are probably advertising lease option houses right now. Just go to Craigslist and find them. Can you do this virtually in another state? Yes. How do you check the condition of the house? You hire boots on the ground, local leasing agents. How do you make contact with a person to help you with the deal out of state? So I put an ad in Craigslist. Hey, I'm looking for an agent to help me lease my properties, call me. Sometimes I'll even call other for rent ads and talk to the leasing agents of those other rental properties and say, hey, do you help this? Do you do this for other clients? I found a house that has been for sale for awhile. I'd like to reach out to the seller, but they live in another country like China and the house is for sale under a realtor.

Joe: The home has been listed for awhile. So if you can't talk to the seller, just send the offer to the realtor or send a letter saying, hey and let you know, let the seller talk to the owner. Robert, I get overwhelmed easily. What's the very first place to start in my process of making offers? And if you don't mind, what are the next steps after that? Robert, I don't know if you have my class or not, but my course breaks it down really easily, right? So first module, do that you know, in the first module I show you how to start marketing and talking to sellers and making offers. So that's where you start, right? So keep it simple. Five sellers a day, okay? Forget about everything else I was talking about this earlier. If you're not talking to sellers and making offers, everything else is just stupid.



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- Joe: Stop doing stupid stuff. If you want to make money, focus on talking to five sellers a day and make an offer to every seller you talk to, that is the first step. That's the most important step. Start doing that. Okay, Carlos. Good question. I have \$500 a month budget for marketing. What is the way to market for deals? I would recommend I'm going to Craigslist and Zillow and Facebook Marketplace and start contacting landlords and for sale by owners and asking them if they want to sell their house. And, you know, I would get a virtual assistant as soon as I could. I'm always torn between if I had only had \$500, would I hire a VA or would I use that for marketing? I don't know the answer to that. I'd probably do everything myself. Spend as much of that money as I could towards actual marketing.
- Joe: I would get REI Simple. I might hire a scraping company to start scraping Craigslist and Zillow for me and I would buy some local phone numbers that you can through REI Simple. And I would start sending massive text messages out. And then if I had a few hundred bucks left over, I would maybe do some handwritten yellow letters to expired listings for lease options only. And I would add some yellow letters to rental properties on Zillow or evictions that you can find in court records. I would start sending handwritten yellow letters to small specialty lists. Robert, I get overwhelmed. Oh, I already got this one. Good. I like the duplicate questions because it means we already answered it. Your best practices and methods for finding qualified lease option buyers who have decent down payments. I just talked about that.
- Joe: Okay. Rick, I already answered that as well on a previous call. Jean, when a seller accepts your offer, what contracts do you use to get the deal to closing? And do you use an attorney or title company, right. All my contracts are in the course and I walk through that step by step detail, go through example deals and all of that. We have a contract with the seller. We have another contract with a tenant buyer. Yeah, I'll have to go to the next one. Ellie, with implementing your REI Simple CRM, what websites do you recommend we set up? What do you believe is necessary to maximize our outcome for financial success? All right, so you really, when you get started, you probably need two websites. But don't let, don't think you have to get this before you start talking to sellers and making offers.
- Joe: You need a company website that kind of explains what your company is and you need a lease option website where you advertise your properties. And what I recommend is go to Google search, find some that have some, find somebody that has a website that you like and then hire my person that I give you inside of REI Simple to build that website for you. And then you can get in there and customize it and tweak it and make it your own. Or just



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go to Investor Carrot and get some of those carrot websites. Go to JoeLikesCarrots.com. Chris, do you recommend putting presenting lease options to a probate lead? No, don't do, you could, I've never targeted probates or lease options.

- Joe: Usually you just want to make a cash offer for those. Gary, if you assign the deal if you assign the lease option and get out, will the option fee you receive be applied as a down payment when the tenant buyer gets their financing or will they need to bring in a new down payment money? That's a great question. I've answered that a bunch of times already. But if you use the right mortgage broker and you set it up properly, like the way I teach in the class and you're using an escrow company, a third party escrow company, you should be able to get the tenant buyer to apply that money towards a new down payment.
- Joe: Watch the second video that we just or to reduce the price of the home and in our paperwork, we never promise that they will get it because it's, you know, if they're using the wrong mortgage broker or they're going to the wrong bank, I can't, you know, we don't promise that RH, good question here.
- Joe: I'm having an issue with some deals that if they exercise the option to buy and they get an FHA loan, I can't get paid from the loan proceeds. I can't double close because of the 90 days seasoning rule from FHA. Any solutions from you guys would help. So I'm just curious if this is an if question or if this really has actually happened to you. So if you've got a lease option deal, let's say you're doing a sandwich lease option and you've got a tenant buyer in there that's going to be getting an FHA loan. First of all, remember this, FHA isn't the only option out there, you got to make sure you're working with a mortgage broker that can help your tenant buyer get the best loan possible, okay? Let's say they are getting an FHA and there has to be 90 day season.
- Joe: So there's several ways you can do this. Number one, go ahead and take it subject two the last 90 days, okay? So now you're going to be on title for 90 days. You can do it that way. You can, what was I going to say? Oh yeah, you could create a new contract with the seller that says, okay, I'm going to end this lease option and you're going to record a lien. So let's say you're going to make \$30,000 grand on the deal. You could record a lien or some kind of instrument against that property so that when the buyer does get the financing and buy it, you get paid on the HUD as a satisfaction of lien. Or I've even heard it called a revocation of option or revocation of option. And maybe you just need to borrow some hard money if there's enough spread in there by the house, take title to it for 90 days and then sell it.



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Joe: So there's different ways around it, different ways to do it. You need to find a good friendly investor, friendly title company and tell them, hey, this is what I want to do. What do you recommend that we do? And you, there's ways around it. There's ways you can do it. You may just need to file. I've done it before where we give this title company and Invoice and, you know what my profit is going to be. Give the title company the invoice, you know, every, the seller knows what's going on. It's not like we're trying to hide anything and we're just trying to find the best way to make it work. All right. That's it Gavin. We did it.

Gavin: That's it. It's funny, I was just logging on and I was like to see where we're at and I'm like 58 questions and I was like, oh, these are all answered. That was the last one.

Joe: Woo. All right, so guys, one final thing. We answered a lot of questions. We want to encourage you guys to be careful with asking what if questions and we want to push you. Growth is found outside of your comfort zone, okay. If you feel like you have to have all you're what if questions answered first before you take any action, you're going to really struggle in this business. If you feel like I got to understand steps seven and eight before I do steps one and two, you're not going to get anywhere, right? So we want to encourage you to take, start taking massive action today. It's okay if you make mistakes, you're going to make mistakes. It's okay to ask questions like this too. I'm not bashing anybody who's asking questions, but like. Take the next step and say, okay, I got to do my marketing.

Joe: Do the marketing. You get seller leads. I got to talk to the sellers. I don't know what I'm doing yet, but I'm going to talk to them anyway, right? You'll learn, you'll figure it out as you go. You'll learn from your mistakes. That's the best way to learn in this business is from your mistakes. And if you want some help, if you want to make the fewest amount of stakes possible, right? Let us hold your hand as you start going through this business. We can set up your systems, we can give you the resources that we need. We can help you stay focused. One of the best things that we do for our clients is we give them a scorecard and a marketing plan and say, all right, just focus on this report. We want you to report on your numbers every day. We want to help you focus on only what's most important, your highest revenue generating activities.

Joe: Everything else is stupid. So our job as coaches is to help you focus on your highest and best use of your time, which is talking to sellers and making offers. We can get you leads. That is easy. That is our specialty. We can get you probably more leads than you can handle. Our biggest complaint is I'm getting too many leads. I can't keep up with them. So



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if you want to work with us, go to JoeMcCall.com/apply, JoeMcCall.com/apply. There's a bunch of videos on there of students, you can see their success stories and also learn what's working for them.

Joe: And then there's a button there you can apply to work with us. You'll get on the phone with Gavin, talk about the programs, see if you're a good fit or not. It's not a big deal. No high pressure at all. We're not going to try to talk you into something. We're not going to try to get you to commit to sign up for an expensive program with coaching that your wife doesn't know anything about. It's not, we're no high pressure at all. Okay. So it's pretty good. Anything else, Gavin?

Gavin: No, I'm excited to, you know, to be working with you guys. You know, thanks Joe. I think it was a great call. We are going to try and put another one on in the near future. I think we got a lot of good feedback yesterday, so I appreciate it.

Joe: We did. All right guys. Thank you. Thanks, Gavin. We'll see you. Bye Bye.

Gavin: Bye Bye.