



How To Do Lease Options With Pre-Foreclosures

Hosted by: Joe McCall

Guest Speaker: Frans Calderon

- Joe: Welcome to the Real Estate Investing Mastery podcast. I'm glad you're here. Got another special guest on the show. This is the third or third one today and I'm just into podcasting publishing mode right now and I'm excited about this. This is a guy who does lease option deals and what's crazy is he's doing these lease option deals with pre-foreclosures and we're going to be asking him some questions about how do you do lease option deals with pre-foreclosure deals. Because I've always told people in the past like, don't do pre-foreclosures, just make a cash offer or try to do a short sale or refer it to somebody who does a short sale. But Frans here is more creative and open minded than I am and he knows how to turn these things into deals.
- Joe: So, this podcast is brought to you by my book. I talk about my book all the time. How can I not, right? This is the best book ever written next to the Bible. Just kidding. That's really, I'm just really, really kidding. That's a stupid thing to say. This is a really good book. It's called Wholesaling Lease Options. That's how I quit my job, just flipping lease options, and I'm doing this podcast in this series about lease options because I believe they're the easiest and fastest ways, one of the easiest and fastest ways, if not the, to do deals. Quit your job and make a full-time income doing making money in real estate right now. You can get this book for free at wlobook.com, wlobook.com... Just pay shipping and handling. I'll send it out to you and it's all killer, no filler. It's really, really good content in here that you're going to get a lot of value of and it's just, you know as if it's just a tool in your tool belt.
- Joe: Now you know something, now you have something that you can do with these leads that you would normally throw away, even turn them around into lease options. We're going to be talking about that today on this show with our very special guests. I'm going to bring them on right now. Frans Calderon. How are you sir?
- Frans: Very good. Very good, Joe, is a pleasure to be here with you.



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- Joe: I'm glad you're here. Um, few weeks ago I put out a post on social media. Hey, I'm looking for people that I can interview on my podcast who are doing lease option deals and Frans said hello, I am. And I, I keep on wanting to say "Fronz" but it's "France", is that right?
- Frans: Yes. Correct.
- Joe: Oh, good. Good. Frans Calderon. You're in Charleston, South Carolina. Beautiful part of the country. Is that right?
- Frans: Yeah. It's beautiful. I love to be living here. It's beautiful.
- Joe: It's the San Diego of the east coast. Is that a fair thing to say?
- Frans: Yes.
- Joe: Yeah. Yeah. That's good. Um, you're from Columbia originally, right?
- Frans: Correct.
- Joe: Nice. By the way, let say this and, um, uh, let me say this, with all sensitivity to all of the immigrants out there, welcome to the United States. I'm glad you're here guys. Really, I am. And uh, I just want to just say that because the political climate right now is just getting ridiculous. Uh, we're all immigrants to this country. Did you know that?
- Frans: I do know that.
- Joe: We all are and these, these people that are freaking out about it forget that you're not from here either. So, everybody needs to take a deep breath and relax and chill. And uh, so anyway, that's my political comment for the day. Okay. So, Frans, thanks for being on the show. I appreciate it. How are you?
- Frans: Very good. Very good. You know, and followed you a long time ago. I think you're doing a great job with the wholesaling and being, uh, one of the most proactive coaches right now in the real estate. So, it's a pleasure to be here with you today.



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- Joe: Thanks man. Really appreciate it. So, tell us a little bit about your story. How'd you get started in real estate? What were you doing before that?
- Frans: Okay, so, I actually I studied real estate because on 2003, I read the book, Rich Dad, Poor Dad and that changed my mind 100% financially. And in 2003, actually I was a police officer in Columbia. In those days was really very dangerous to be in that profession.
- Joe: Did you, um, have you seen this show on Netflix? Narcos?
- Frans: Yeah, absolutely. I know that those, and I tell, you know, when I read the book, I was in one of those cities where we have a lot of medicals. Yeah, I was doing a mission in the helicopters when actually, yeah, we were working during the, actually that was a mission than to get some of the narcos and one of the Blackhawks, they have an accident so they need to take us right away to the city. So, we have to prepare everything on our base. I was from Bogota and we have to fly over there and try to fix the Black Hawk. So, we stay about a week over there working in that one while we have many a, the army, navy and the police surrounding the areas to protect the Black Hawk. So, after we finished the mission, eh, we have like, I have like one day off and I, and I asked one of my friends, he has a book to read and he say, hey friend, maybe you like this one. And he gave me the Rich Dad, Poor Dad and in that weekend I read the entire book.
- Joe: Was it in English or in Spanish?
- Frans: In Spanish.
- Joe: Wow, very cool. That's amazing. There's so many people that, um, have been impacted by that book. And it's so cool to hear people from other countries and also even Columbia that were reading these books in Spanish and having an impact, that's amazing.
- Frans: Yeah. When I read it, you know that was funny because Robert Kiyosaki, he said, you know it, stop right now and see what is the assets that you have. Make a list of your assets and, but don't read anymore. So I started to write my assets, right? So, I, after I finish, I continue read and say, he says, okay, if in your list of assets you put your clothes, your bed, you radio, all of that, that those are no assets. And that's everything that I have. I don't have, I have zero assets when I read that book and I was like, what?!



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Frans: And I was so passionate about the topic about financial freedom and that had been that be in my mind and my heart and as my passion, financial freedom, helping people to escape the rat race and achieve financial freedom.

Joe: I wish I could say rat race like that. Say that again?

Frans: The rat race.

Joe: Oh no, you got to say it the way you said it before.

Frans: I always say, helping people to escape the rat race and achieve financial freedom.

Joe: I love how you can roll your r's like that. That is so cool. I wish I could do that. All right. So when did you start investing in real estate here in the United States?

Frans: Okay. In United States was about, um, 2009 that we purchased my first home right here in 2009.

Joe: And where you in Charleston?

Frans: Yeah, actually it was here in Charleston.

Joe: Okay, cool. And um, what did you do? Did you go out and get a bank loan and buy it or did you buy creatively?

Frans: Yeah, I know I was trying to get some coaching program for real estate but it was a little hard because I was in my process to learning how to understand English correctly and you know I don't want to spend a little money coaching program when I know I'm not going to understand everything that I need to understand in order to do business. So I was really not listening... mostly reading. And in one of those, I remember I started looking for properties and I was looking on craigslist in 2009 when I found a property. And you know, that was kind of scary because the price was so good to be true and I started to negotiate with the seller. In those days, I don't know, I know very few about real estate. So, I will start to negotiate with that one at the end we put it under contract and it took me about 40 days to close the property. The funny part was that every time I went to the property,



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the house was in better condition. So, I like, that's kind of weird. Like he's trying to sell me the property but somebody's working in these properties.

Joe: Really? Okay.

Frans: I would say like maybe that that's a scam or something, but I still continue the process and I always ask, I keep asking him because he was out of the state, they wasn't local, so I keep asking, they say I don't have any idea, you know, that's kind of weird. But you know, like one week before we close, finally I found the gc who was working in the house.

Frans: So, I started to ask him, Hey, what you doing here? You know, I'm purchasing this home. And he was like kind of, he didn't want to give me any information here. But I said, look, I have a contract and purchasing this home... I want to know what you're doing here. Then he said, you know, the insurance company hired me to fix the home. But he says that he didn't know that the company was doing that. So, when we closing the property, the house, everything inside was a hundred percent renovated. Even new appliances, new cabinets, everything.

Joe: So, this was 2009? Okay, cool. And what did you do with the deal?

Frans: So actually that property, I keep it as a rental for two years, then I, you know, I have, I knew that I have a lot of equity in the property, so I already in the time I know more about real estate, so, and taxes, so I said, you know, I, um, I don't want to pay taxes for all of that equity. So, I moved to the property. I have it as my primary residence for two years. And then after the two years we put it in the market and we sell it.

Joe: Good. Wow. All right. So, then what happened after that? You know, that was a good deal. Did you...

Frans: So, I actually...oh yeah, no, that was great deal because the equity on the property was more than \$140,000.

Joe: Wow. Good for you.

Frans: Yeah, that was a huge equity. So actually, before I sell the property, when I, when I was living right there, I decided to do a Heloc.



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- Joe: Like a Heloc, a home equity loan.
- Frans: Home equity loan, you know, so because the house was free and clear. So, I have the entire equity right there and I get about \$150,000 by my bank. So, I start to purchase properties.
- Joe: Good. Okay.
- Frans: I bought like one multi-family and like, oh, like two or three single family homes. And that was my huge big step because right there I started to see and getting moved and bought more with the real estate.
- Joe: Okay. So, did you say that was a big mistake?
- Frans: No, no, no. Big step, a big step.
- Joe: A big step, okay, good. And then, uh, when did you start like looking at doing creative deals like lease options or owner financing? Subject tos, things like that?
- Frans: Okay. So, you know I keep investing in my education, getting on real estate locations, on coaching programs. So, I started to learn more about the credit real estate investing. So, I learned how to do wholesaling, how to do flips, how to do a lease option or subject tos. And you know, I started to see that that is a very good opportunity here with those. And, and as the deals were coming, I started practicing those techniques and you know, they get easier and easier.
- Joe: Yeah. Who are some of the people that you're learning this from?
- Frans: One of them is a the (inaudible) and they were one of the fortune builders. The main one where I learned to pick a location, you know, but they, they teach you the fundamentals and the big picture. But after that you need to go deeper to learn actually the techniques to implement them.
- Joe: Would you say the best way to learn is by actually doing it?



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Frans: Absolutely. 100% yeah, no, yeah, I am. I am that, you know, I am all practice. I love like you were saying before, you know, massive, imperfect action. I'm like, that is my type of personality. I literally want to jump on it and see (inaudible).

Joe: That's so important. Experience is the best teacher, bar none. That's the most important thing I want to just encourage everybody to think about it is like, yeah, you got, you learn it, but you learn by doing it. You learn by making mistakes. All right, so you started, you get, you're investing in your education, Frans, and you are learning about creative deals. Talk about some of the, what are you doing these days? Like what does your business look like today?

Frans: My business actually. Okay, let me, let me tell you a little more about me. So, when I came to, to Charleston, I came to work at Boeing Company building the airplanes. And I spent 10 years working over there, you know, a very good pay job and all my life, uh, from my parents and family, I have the employee mindset. But after reading Rich Dad, Poor Dad I always have the battle in my mind between the employee and the entrepreneur. So that was a huge battle right there and, but I was keep doing it and the doing more real estate business until my passive income was pretty much the same as my really as the money that I was making at my job. So, uh, you know two years ago I decided to quit my job and go all in to the real estate.

Joe: Very good. Good for you. Congratulations!

Frans: Thank you. Appreciate it. Yeah, I'm very happy about that because yeah. Living in the financial freedom, you know.

Joe: Nice. That was two years ago. What kind of deals were you doing to get to that point?

Frans: I was doing the buy and fix and hold at that time... I was doing buy, fix and hold. And regular rental. But now, you know, after I quit my job, I have more time and energy to the business. So, I have been doing more flips. Right now, my business is like 60% is flips. Then we do wholesaling and we keep property for our portfolio as well. I keep always growing the portfolio.

Joe: Nice. Um, okay, so what have you, I want to get to the really quick here. I want to get to the, this deal you recently did was a pre foreclosure and you, you did a lease option on it.



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So that'll be, that'd be cool. We'll talk about that. But uh, what are some of your favorite ways today to find deals? How are you marketing and finding motivated sellers?

Frans: Okay. One of the best one that I use and focus on is cold calling. That is where we spend more, more time cold calling as the main strategy. But actually, another big one that we're using right now and that is one of the 18 skills that I discovered for myself is networking. Actually, one day I listen to a podcast, somebody was talking about that networking is a strategy and I said, you know what, it's good and, and I was doing very well with people connecting with people, you know, now and getting more deals because people trust me, they know what they are doing and they prefer to doing it with me than with some other investors because they trust me. So, I said, you know, this is a huge strategy and actually a month ago a huge opportunity knocked to my door. And yeah, right now and the new President of the Charleston Real Estate Investors Association.

Joe: Very good. Good for you. That's great. I love that because now you're, you're seen as one of the leaders in that community and you get a lot of people that bring you deals.

Frans: Correct. Exactly. We just did last Thursday we did our first official meeting. We have a great audience, 50 people for our first meeting and we have people that, they were millionaires, people that they are in the business and people that are, they are just want to learn. So, we have the mix right there. People were very happy. We have a 50% of the audience register for the membership. So that was fantastic. And you know, we had the heart and the mission to really bring value and help people. We are not there... So that, that, that's part of my mission right there. That's the, I'm doing this as a passion more than, than a business. I know there's going to be a lot of business coming in from there, but that is my passion helping people right there.

Joe: I love that. That's so cool. And um, I, I tell people often too, listen, if you can't join a REIA, start one, right? Because there's so much opportunity there. I even started a little networking group for just local wholesalers who are active in the business. And I ran it for a couple of years and it was amazing the amount of deals that we did with each other. You know, we didn't look at each other as competition. We looked at each other as potential partners on deals. There were guys lending money on deals to other guys. There were guys that had sellers with houses that didn't have buyers. Other guys had the buyers. So, there's a lot of co-wholesaling between each other with the deals. Um, so I'd encourage you all listening to this, don't look at other investors as your competition. Look at them as



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potential partners. They've got deals that you have buyers for. You've got buyers they have sellers for, and there's a lot of opportunity there. How can people find your group if they're in that area, Frans?

Frans: Yeah, they can go to the CharlestonREIA.com.

Joe: CharlestonREIA.com, right?

Frans: Yeah. REIA. Or they can go as well on Facebook. We are the CharlesonREIA.com. We are on the Meetup and very soon we're going to be in the Bigger Pockets as well.

Joe: Nice. Yeah. Hey, let's talk sometime. Maybe I can come out there and speak.

Frans: Absolutely. Yeah. Yeah, we would love you to come here, you know? Yeah.

Joe: Well any excuse I can get to go to Charleston.

Frans: Yeah, any time.

Joe: I've got some good friends that live out there.

Frans: And actually, I like what you were saying because from one of my coaches (inaudible) I learn about the abundance mindset.

Joe: Abundance mindset.

Frans: Correct. And I read that book called the Go-Giver, that changed my mind about that. You know, before that I had the poor mindset and the scarcity mindset that I would look at people as my competition. But you know, in real estate I learn that there is no competition. It's collaboration. And it's for that reason I think one of my superpowers is the networking, because I see everybody is how I can help you so you can get a deal. How I can help you so you can learn more about real estate to get closer to financial freedom and helping people more deals came to me. Or, you know, from that person or from another one, by having the correct mindset and the correct intentions is what will help you to connect with the people. Right? So, I'm very happy, very happy with the opportunity, having that mindset



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and, and giving, giving to the people you know, giving the knowledge and experience that I have.

Joe: Nice. That's so important. You know, there's um, there's a group, I think it's in Nashville called Deals Deals Deals. That's the name of the group: Deals Deals Deals. And I love that. Right? Cause there, there's so many deals out there. If you think you've got a corner on the market, if you think like, oh, you have all the secrets and you don't want to... There are no secrets out there. You don't have a corner on the market. Right.

Frans: I agree with you and, and you know, you're one of those coaches that, that you give all your information, you are always giving for the people for your outings. You are giving everything. And I think the same, you know, right now with the technology age that we're living in, you can find anything, everything in YouTube, podcasts everywhere, you know, everything is right there for free. You know, actually yesterday I was meeting with one of the wholesalers that he's a very good guy, Barry. He's broken it right now, crushing it and I was talking with him and he was telling me that, that he hasn't had any formal education from another coach or anything. Everything had been free from YouTube or podcasts. And I was like, wow man. But he's doing very good. He's crushing it.

Joe: That reminds me of a, I had a student one time who, um, it was a college student in Columbia, Missouri, I think it was Columbia or Rolla and uh, he didn't have the money to buy a course, right. But he listened to a bunch of podcasts, YouTube videos and uh, he heard me talk about doing a bandit signs and craigslist ads or something. So, he put some bandit signs out and got a seller that called him and he didn't have any contracts. So, he went to the local office supply store like Staples or Office Depot or whatever it is and you know they have those generic contracts that you can buy there to lease, to buy a car, to buy a house for sale by owner. And he got one of those contracts and just use the standard boilerplate contract from Staples. Right?

Joe: And then he got an under contract, the seller said, okay, great. And he didn't have any buyers like he didn't have, he couldn't do a bunch of buyer marketing or what not. So, he put the house on craigslist, sold it, this broke kid in college, right? He was working really hard and school. I think he made like \$20-something thousand dollars on this deal. It's just insane from a boiler point boiler plate contract. So, I love hearing stories like that. You're absolutely right. Um, okay. So, let's talk about lease options. Let's talk about these creative



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deals, Frans. You told me recently you found a deal, a seller that was in pre-foreclosure, they were facing foreclosure. Can you talk about this deal here?

Frans: Absolutely. So actually, this is pretty much connecting with what we were talking about... This deal came to me because one wholesaler gets this property or talk to the seller. She was as a single mom; she was losing her home. She had just a few days before it goes to the auction, she didn't know what to do, she was kind of sick as well. So, she was very desperate about the situation...

For those that they don't know what is facing a foreclosure is that you are going to ruin your credit for at least seven years. You are going to not be able to buy a house, a car, even have a good rental because some people do a background check and you have a foreclosure, they're not going to rent you a good place. So, you, so that is horrible. You know, it's for seven years or more, you're going to have that tack so you're not going to be able to do something. So, I think that is the correct intention. When I approach somebody that is facing the pre-foreclosures. So, the wholesaler, he went there these few days. He didn't know what to do. And actually, the deal doesn't work for our regular real estate investor, the number doesn't work. So, he, he calls another wholesaler...

Joe: Can you run through the numbers a little bit? What was the house worth?

Frans: The house was worth about I would say \$210k, \$220k.

Joe: And how many, how many months was she behind on her payments?

Frans: Oh, I don't remember exactly but a lot of months, like maybe more than eight or nine, or more. I think it was close to a year.

Joe: Wow. So how much were, how much did you need to put to reinstate the loan?

Frans: The reinstatement was about \$20,000.

Joe: \$20,000 to reinstate the loan? That's a lot of money.

Frans: It's a lot of money. Correct.



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Joe: Okay. All right. Was there any equity in the house?

Frans: Yes. Yeah. The house needs repairs and it's out of date, but still was a little equity and for the reasons I said the, the um, the deal doesn't work for that regular investor with (inaudible) repairs is the numbers are off. But, what will you say when you know our current techniques like lease option you open more opportunities? So, the first wholesaler called another guy, another wholesaler, to see what they can do right there. The second wholesaler, he doesn't have any... he doesn't know what to do in this situation. But he knows me and he knows that that usually I can have some ideas how we can help people. So, he called me and said, Hey, friend, I have this situation, we have like two days to go to foreclosure, this lady... is there anything that we can do?

Frans: He sent me the address and I start to look at it and say, let me see if I can do something. The good thing is about the power of creating a business, creating a follow up and getting the trust with people. Because the beauty of this is that a few weeks ago, I have a buyer that wants to buy a property from me, but another buyer got it first. So, he has the money and he were ready to buy. But and I say as soon as I have appropriate thing, when I let you know. So, the same day that I went to see the property that that was the same day I called my buyer that I have, Hey, did you want to meet me right there? We'll see the property together.

Joe: So, is he a, was he a cash buyer or retail buyer?

Frans: He's had retail buyer, final buyer.

Joe: Okay. And can you get a mortgage or does he need to...

Frans: He cannot get that mortgage. Yeah, that's, that's a good question. He cannot get a mortgage, but I knew he has good money to pay us a down payment.

Joe: Nice. How much, uh, so can you tell a little bit about him really quick? Cause this is important for people to understand. There's a lot of good people with bad credit and uh, so just because you have bad credit doesn't mean you're a bad person. And thank God because when the market crashed, I lost everything. My credit went through the crapper. So, talk about who, who was this buyer and why was his credit not where it needed to be?



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Frans: It's ugly. Look, I knew, I knew this guy, eh already for a couple of years because he, he had been trying to buy a house from me for several times. But I knew he's a painter, he has a company and he has a nice family, married with kids, very good guy. You know, trying to make it up, but he doesn't have credit.

Joe: Hmm. So, he's self-employed.

Frans: Yeah. Self-employed. And so, he, he, no way that he can go to pay the mortgage right there. So, for, for us, be able to help a family to buy a nice home in a nice neighborhood is fantastic. And it's great because they are not able to buy a home, you know?

Joe: Yeah. And there's a lot of guys like that, right.

Frans: Correct, many!

Joe: People need to understand this too because they think, well, why would I want to rent my house out to somebody who can't get a mortgage? Well, for a lot of reasons: somebody who is self-employed like that, a lot of times they pay cash for everything. They just haven't, you know, used their, tried to build credit. The banks a lot of times don't like lending to self-employed people. They don't, I mean you could have enough cash in the bank to buy the stinking house, but the banks are not going to lend money to you because you're, you don't have enough history, your tax returns, you're taking too many deductions and write-offs. So, you're not where you need to be. It's an unfair system. It really, but that's the way the banks have it.

Joe: That's the golden rule. Whoever has the gold, makes the rules. And the banks have said, no, we're not gonna do it. So, there's a lot of really good hardworking people that are self-employed. They have small businesses. They really carry the, the entire economy of the United States on their backs. And they can't get loans, they can't get mortgages for these houses. I wanted to take a little bit of time and explain that so people understand who are these tenant buyers that we're putting into these homes. They're good, hard working people. Right. So good. So, this was a guy who self-employed, got small business painting business and um, but he had some money to put down on the property?

Frans: Yeah. Yeah. He has a good money to put on the property. I show him the property and he knew, I told him, hey I'm giving you the first chance before I put it on the market, before I



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offer to my people. And you know right now I have been helping a lot the community. So, the community know me, already trust when me, and so when I put a deal right there, usually we get it sold pretty quickly.

Joe: As a lease option or...

Frans: As a lease option or wholesale. So, he knew that and he like, he closed the property with me couple of the couple of weeks ago. He was like very happy to get the house. He went, took an hour, when he called me back: Hey, Frans... don't put it on the market, I want it. Right there. And in the meantime, you know, I was just explaining to the seller, you know, this lady, how we can help her, how we can save her credit.

Frans: She was aware that we have to invest about \$20,000 to reinstall the mortgage and we were on the clock because we have like at that time, we have two days. And especially when you're in pre-foreclosure or any wholesale deals you need to get with a coach, you need to be with somebody that teach you how to do it properly because this thing is many little moving parts important to be protect, protect you, protect the seller and protect the buyers. So, took us about two days to have all those pieces together and a few hours before the auction we were transferring the money to the bank.

Joe: Nice. Okay. So how much money did the tenant buyer put down on the home?

Frans: He put about \$40,000.

Joe: Oh, you see this? There we go. If I had a bell, I'd ring it. That's what we're talking about here. Right? So, Frans did not use any of his own money. Okay? He did not use any of his own money. This is why I love lease options so much. You found a buyer who had 40 grand to put down. Okay. You helped, I want to show you how everybody wins and the tenant buyer wins because he gets a great house at a great deal. The seller wins because she gets her credit saved. There's no foreclosure or short sale foreclosure on the property and Frans wins as well being the investor in the middle. So, okay. How did you, um, how did you structure the deal then after that? You had to use 20 grand of that \$40,000 to reinstate the loan and get it current again with the bank. Alright. So, what did you do with the rest of that money?



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- Frans: Hey, with the rest we paid something to the two wholesalers that they were involved in the deal. Okay. And the rest was our first profit check that we have.
- Joe: About how much was that? If you don't mind me asking, your profit on the deal.
- Frans: The profit was about thirty-four thousand.
- Joe: Thirty-four thousand dollars.
- Frans: Yeah.
- Joe: Okay. So, it gets better it sounds like; it gets better now. Um, so then with the seller, what was your agreement with the seller? Did you buy it subject to or did you do a lease option with the seller? How did you do that?
- Frans: We did a lease option. We did the lease option with her. The agreement was that we are going to reinstall the mortgage. We're going to save her credit. And she was leaving the house empty. Well actually when I was there, she was already leaving the house empty and everything so we can give the house to the new buyer right away.
- Joe: This is really good. I'm glad you brought this up. I want everybody to understand this too. And I highly recommend against doing a lease option on a house and then leasing it back to the owner. All right? That's a recipe for disaster. You don't ever, ever want to do that where, you know, the seller is facing foreclosure and a lot of people were doing this back in the, you know, 2004 or five and six, um, were leasing a property from an owner, getting it under lease option then leasing it back to the owner so they wouldn't have to move. But I don't know if you've ever done that before, Frans, but don't try to do that. It's a disaster because if, if they got into trouble to begin with, what's going to stop them from getting in trouble again at that same house. And then when you try to evict them, they're going to be like, you can't kick me out of my house. I've seen this over and over again. And then they call the local news and the media gets involved and it just becomes a disaster, right?
- So, word to the wise, if you're working with a seller who's behind on their payments, they've got to go, they need to move out of the house. You need to get somebody else in there. And that's better for everybody. Yeah. Okay. So, this particular house then, it was like a sandwich lease option?



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Frans: Correct. Yeah. I actually, I like to do sandwich lease options. Yeah. Because for this building that I have, you know, if for any reason the tenant cannot perform, they cannot purchase, it's still is a new, a new deal for me. You know, it's still is a new deal because now I can keep the terms, get a new tenant buyer, get another fee, a down payment fee and you are right back again. And even with more profit.

Joe: Yeah. And some people are gonna say, well what if the tenant buyer, what if the second or third tenant buyer you put into the house doesn't buy it? What then?

Frans: The second or third? I just keep doing it.

Joe: Okay. But so, like let's say you have five years with the seller and at the end of the five years your buyer doesn't buy it. What do you do then?

Frans: Okay, a couple things. One thing you can renegotiate with the seller, right? Because you can say, Mr. Seller, our tenant buyer is not ready to purchase the property. Is there any way that you can extend us for two or three more years? Usually they are very happy because they are receiving rent on time, you know, so they're receiving the rent on time. They're raising the money so they don't have to worry. They say, okay, that's fine. If not, something good that I am, that we have is that we are in the position that in case the tenant buyer cannot buy it, I don't mind buying the property because at that point I know it's a lot of equity in the property. So, I can use one of my harmony lenders. I can use one of my lenders and purchase the property and we can even sell it in a full market price or keep doing the rent to own, do a flip or keep as a holding property. So many options right there.

Joe: Or you can just walk away.

Frans: Oh, yeah, or just walk away. Yeah. Exactly. Exactly. It's in the worst scenario I say, okay Mr. Seller, we cannot move forward. You are keeping your down payment. You, you get the rent for three, five years. So, you're very happy you have the house back. So, it's a great deal for the seller. It's a great, great deal for the seller.

Joe: I love it too because it's a win win. And I like doing sandwich lease options better than subject tos personally because I don't have to try to convince the seller to deed me the house and keep the mortgage in their name. Subject to means you're buying a house



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subject to the existing loan. So, the, the seller keeps the mortgage in their name but transfers a title to you and you know, it's just a little bit harder to negotiate those deals. And a lot of times the mortgage police, uh, raise their red flags, they're like, hey, what's going on here? So, it causes some alarm and it's, it's just much easier I think to do a sandwich lease option. Would you agree with that?

Frans: I agree with that, it is very, very easy because actually even you don't have to pay any closing costs because you know in the lease option, for sure you need to do a title search, it is really important that you do a title search. So, you do the title search, you know the house is clean. Now you can just get a piece of paper, sign it, use a notary, and you don't have to pay any closing costs of anything right there, but you control 100% of the property so you don't have to worry about going to closing or anything else.

Joe: Excellent. What's happened after this now that the tenant buyers moved in? Was that the end of the deal or what else happened?

Frans: No, actually, like the house needs to be updated and the guy works in the painting, so he still has even more money to invest in the house. He works on the house and the house right now it's just gorgeous, it's beautiful and they already moved into the property with the family. I went couple of times over there, do some videos and pictures with them. They are very happy and, and yeah, I keep talking with everybody. I talk with the, with the seller, she's fine, you know. And she, she doesn't have any that stress on her shoulders because she knows the mortgage are... Actually, I do the payments because I, like in the middle, I just put it right there and so I made sure I pay on time the mortgage.

Joe: You collect the rent; you pay the mortgage and you keep the difference. Is there some cash flow in the deal?

Frans: Yeah. Like, yeah, like we receive a big check at the beginning and at this point I think we receive the balance of the equity that we have of the agreement with when we bought and what we sell.

Joe: Okay. So, when do you think the tenant buyer who's in there now will buy the house?

Frans: In about three years.



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- Joe: Okay. So, they need about three years. Cool. So, what, you said a number of 34, I think, thousand before. What is that? How? How did you come up with that number? Explain that number a little bit.
- Frans: Yeah. Okay. So that, that's the \$34k is like... Say we sold it at about \$185k. The current mortgage balance was about \$132k and we had to put about \$20,000 on reinstalling.
- Joe: So, the house is worth about \$185k and they owe \$132k, is that right?
- Frans: Yeah, they ow \$132k, I sold it for \$185k. Because the house is worth now more, a lot more.
- Joe: Okay, okay. Yeah. How much money do you stand to make if and when the tenant buyer buys the house in a couple, three years?
- Frans: No, at this point now I already got paid. Pretty much all my profit is already to me cause after the \$40k he gave me big payments. And so, I usually try to get the, the profit at front, you know, if I need to give them some months to work out the profit it's fine, you know... Wait a couple months to get it.
- Joe: Isn't that awesome? You know, when you understand creative deals like that, you can negotiate all of these terms. I have a student right now that did a deal where there wasn't much equity in it, so she negotiated to keep 100% of the rent for the first two years and then split the rent 50 50 with the seller the next three years. Okay. On this deal, she's going to make \$54,000 profit, net profit, on this deal. It needed a lot of work. She actually got the tenant buyer who's going to fix the house up themselves and she's getting \$900 a month in cashflow for the first two years on this deal and after that, \$450 a month, she's not using any of her own money. Yeah. That's so cool. What are you finding that's working best today for marketing? What are you finding working really well right now for finding motivated seller leads?
- Frans: Okay. For motivated seller leads...
- Joe: Besides networking, you talked about networking, which is, I call it the flap your lips method, right, to do a lot of networking... Are you doing any direct to seller marketing right now?



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- Frans: Yeah, yeah, I do like you say cold calling, especially cold calling. That's what we do and focus right now. Cold calling.
- Joe: Good. Are you doing any direct mail?
- Frans: No, not direct mail.
- Joe: Cool. Cool. Who are you cold calling?
- Frans: I have some of my other fellow real estate investors they are doing a lot of direct mail but you know, I prefer to focus on one thing and master that one and get it stronger right there. You know, at one point I was trying to do all these strategies and it didn't work very well. So, I prefer to focus right now to create strong systems and be consistent right there.
- Joe: Are you going really deep in a few zip codes or are you, are you targeting the entire metropolitan area?
- Frans: So, no, yeah. I have a very specific criteria here locally. Yeah, I am. I try to concentrate in what we call it here, the low country area, like the main cities... Is not really like really rich area, but I focus right there and that that gave me... That is another tip for people that listen or watch this video or listening to the podcast is that you create the laser focus, you know, and when you know your area very well, it's very easy to know how you can perform and make decision very easy. You know, when I didn't have a lot of experience when I got a property that is outside my area, now all the what ifs came... Because you didn't know if you can sell it or not, but here I know where can I sell it, how much I can sell it. Is this in a hot area... If I have buyers for that area so I can move very fast and very easy to that to take decisions because I knowledgeable in my area.
- Joe: That's super important, when you're looking at knowing who your buyers are, right, and knowing what they want. It's much easier to shop for what buyers want than to try to sell what you have. You know, I, I've used this analogy a lot. Like if, if you make a bowl of spaghetti and you go walking out in the street trying to sell your spaghetti, people are going to be like, you're weird. I don't want spaghetti. But if you go out and instead you say, Hey, what do you want? I'll get it for you. Right? And you take their order, then you go get what they want. That's the fastest way to money in this business because you're, you're following the demand and your buyers are your customers. I preach on that a lot. That's



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really good. Good. Um, really quick, Frans, what are some of your favorite books that you're reading right now?

Frans: Okay. Two of my favorite books, I actually have them right here. Okay, this is one that I recommend.

Joe: Buy, Rehab, Rent, Refinance, Repeat. The BRRRR Method from Bigger Pockets.

Frans: The BRRR Method. Yeah. Great book. Highly recommend.

Joe: Who wrote it, by the way?

Frans: That is David Green. David Green. And this is another one that I know you know it very well.

Joe: Expert Secrets by Russell Brunson. Yeah. Great Book.

Frans: This is another excellent book and I already read it like three or four times. It's still working in my mind, but I love it. You know, the way to be able to bring the message to more people.

Joe: Yeah, that's important. Excellent.

Frans: You took over there (inaudible) so congratulations with that one.

Joe: Is it over there?

Frans: Yeah, I see it over there.

Joe: Okay. So, what are some of your favorite podcasts that you're listening to right now? Or YouTube channel videos?

Frans: Yeah, I like, I love the Wholesaling Inc podcast. Yeah, I like your podcast as well. Grant Cardone. Grant Cardone.

Joe: Yes. His real estate podcast? Yeah. Excellent. Good. Any final words of advice, Frans, for people that are, um, just getting started in the business, they're interested in lease options,



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kind of helping, you know, I love this idea of creating win-win situations where you can help the sellers and help the buyers like you're talking about. So, what kind of advice would you give to folks just getting started?

Frans: Yeah, yeah. That actually, that's, that's great. And I would say to everybody, this is my passion. Do real estate. And I want to say that please have faith on yourself and believe that the financial freedom is possible. You know, most of the people that I listen, 95% of the population in the world, they are trapped in the rat race. You know? So yeah, financial freedom is possible. You can do it. And lease option is one of the best strategies that you can have to achieve it. Because you don't have money. You can create passive income or you can get a huge check; there is many fantastic stuff that you can have with these techniques. So, it's possible. And lease options are one of the best techniques that you can have in your pockets.

Joe: The truth. Telling the truth. All right, Franz, how can people get a hold of you? We already gave away the real estate club that you're in... Are there any other ways that people can reach you?

Frans: Yeah, they can find me on Facebook as Frans Calderon. And in as Frans CalderonBuysHouses. I have my YouTube...

Joe: Rock REI. That's your YouTube channel? Nice. Cool. Rock REI YouTube Channel. And all you all listening on audio podcast here it's F r a n s C a l d e r o n and all the links are going to be in the show notes at realestateinvestingmastery.com. So, go check that out. And also, the link to your local real estate club there in Charleston. What was the name of the, how can they find that real estate club again?

Frans: Yeah. And the CharlestonREIA.com, Facebook as well, the Charleston REIA, we are right there. And yeah.

Joe: Nice. Thank you, Frans, for being on the show. So cool. I know it's late. It's six o'clock or something in the evening there where you are. Thanks for being on the show, man, and maybe see you in Charleston pretty soon. Bye Bye.

Frans: Bye Bye.