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Why You Should Consider Using Realtor's Contracts

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Hey guys, welcome. This is the real estate investing mastery podcast and I am in my car. So I call these things the REI in your car podcasts

And just driving around today, I want to talk about on this podcast how to use realtor contracts for your deals. You excited about this? This is such a awesome, exciting topic. All right, so just dropped my daughter off at gymnastics. I'm heading over to the gas station to get some gas and then get a coffee. She's in level three, she's eight years old, turns nine in a couple of days. And in level three, in order to get to level four, you have to do this thing called the KIPP. Any of you all that have kids in gymnastics? Girls, maybe boys. I don't know. You know what I'm talking about? It's really hard to do. It's crazy. Like not every girl can do it. Well, she just did it the other day and so I'm going to be watching her at practice cause she really wants to show it to me.

It's like you, you've, you get on the springboard thing and you, you can, I can't describe it and never mind. It's pretty, incredibly hard and I'm just so impressed and proud of her that she's doing it. So I gotta hurry up and go so I can get back there before they're done with their warmups. So anyway, but I thought about this because I get this question a lot, you know, how do we do deals with realtors and you know, how do you submit offers when there's realtors involved? Because most of the time when you're doing a deal that's been listed with a realtor or you're working with a realtor, they can only use their board approved realtor board approved contracts. And you know what? That's okay. It's not a big deal. Especially normal like wholesaling deals. You can use the realtors contracts for your wholesaling deals.

You're probably going to have to close on it, which isn't a big deal. Again, if you don't have the money you can get some transactional funding, which by the way, if you want to borrow money for deals, I want to give you a new resource that I've been really excited about. It's called LendingForDeals.com and I've partnered with a company called Easy Button Lending. And this is a tool that lends in all 50 states. It's a, it's a company that connects you with private investors, but it's different and better than the other ones. It's kinda like the Lending Tree for real estate investors and but if you need transactional money to close for a couple days and you need a bridge loan, you need to refinance some of your rentals. You need a rehab loan, you want to buy a commercial property or an apartment building, they do it all.

They do all types of loan types, all different. 50 states, all different credit profiles. So they lend on the deal, not on your credit score. I mean, for the most part, right? If you're getting a 300 unit apartment complex,



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they're going to pull your credit report, but it's pretty cool. I want to suggest and encourage you to check it out. Just go to LendingForDeals.com and I hope that's the right link. If it's not, let me know. I'm pretty sure it is. Okay. Anyway, so if you're doing a deal with a realtor's contract, you may need to close on it and you may need to get money to do that. So just call my guys over there LendingForDeals.com but then you have to use the realtor's contracts. And here's the cool thing. Like some people would think that realtor contracts are not investor-friendly.

That's not true. I know a lot of wholesalers that's all they use, they use the realtors contracts because you know, that's what the sellers are most comfortable with. You know, it's sometimes actually builds credibility. Some people would disagree with me on that, but it can give you credibility that you're using the standard realtors contracts that have been approved, you know, by attorneys and you know, they're constantly updated and all that. Now, let me say a few things about it. If you're doing deals as an investor and you're buying it by owner and you want to maybe sell it for sale by owner, I don't know, I'm not going to give you legal advice here. Okay. So just maybe don't listen to me or if what I'm saying is wrong, I'm sorry, but talk to an attorney about this. Okay. I'll always consult with a legal attorney that understands real estate, creative real estate and things like that.

But what I've done before, and I got this from my broker at the time, not my current broker, but I use the realtors contracts all the time to buy and sell properties to do lease options and stuff. And when it comes to the, the language in the contract for the brokering stuff, you know who the agents are and what their representation or agency is and, and what the commissions are, if that's even on there, whatever. I just cross it out and I write in the big bold Sharpie pen non-brokered transaction. Okay. So I just cross out the stuff that references or talks about realtor stuff and I just write again non-brokered transaction and that should help you a lot with getting that stuff just taken care of. But here's the cool thing. Like these contracts are really good and especially when it comes to a lease, it's going to have all of the state specific stuff and the county specific stuff that you need to have in your contracts because again, they've been prepared by local attorneys that understand the, the, the law again, take everything I'm saying with a grain of salt because I'm not an attorney and I don't pretend to be one on TV.

So you have to get legal advice when it comes to contracts and stuff like that. But that's why I like using the realtor's contracts because they were prepared by attorneys. Now, it's funny too, cause I've talked to attorneys and one guy in particular does a lot of real estate stuff. He hates the realtor's contracts. He's like, these contracts are only written to protect the realtors and that's it. So I, you know, I don't know if that's valid or not, but you know, it's a good place to start. Let's just say that. Okay. It's a good place to start. And again, the, the, if you get a lease from a realtor or even a property management company, it's gonna cover



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all of the stuff that you know, is required in the local county or city municipalities and stuff like that. It's going to be covered in the lease.

So it's a good place to start. You know, some people are wondering though, like, what about assignments? I can't assign a contract. Well, it's not true. And an attorney told me once that you can assign contracts, any contracts, even realtors contracts and unless it specifically prohibits you to of assigning it. Right. And so every realtor's contract that I've looked at, it says on there that it talks about the, the assignment and it says it's, it's possible you can assign it, but you probably have to get written consent and permission from the, from both parties. Right. Which isn't a big deal. So, yeah. And I remember when I first moved here to St Louis and I was, I was leasing, I was going to lease out the house that we had been living in a couple of years and I wanted to do some investing and stuff like that.

And I contacted some of the biggest property management companies and I, I'm trying to remember the details of this. I didn't lie cause like we were looking for a rental or something like that. And I just asked him, Hey, can I look at your lease, you know, before we do this lease thing or whatever it was. And they gave it to me. Well guess what, this is a big property management company. They do a lot of business in St Louis. You know what, I wonder. I think their contract is going to be good. And so I started just using their contracts. Now here's the other thing. You've got to think about. All of these realtors contracts that I've seen are copyrighted, right? And they say on there like for used by realtors only who were members of the whatever association of realtors. I think that's hogwash, but that's, you know, doesn't matter what I think if it is copyrighted and trademarked and all of that, then yeah, maybe you could get in trouble for using the realtors contracts if you're not a realtor.

And I think even now in St Louis, like every time a realtor prints a contract, it puts a unique number on the page somewhere so that it can be, if it's ever in any kind of dispute or something, it can be referenced back to the person, to the realtor who actually printed it, right? So I'm not saying I've done this before, but I have, I've been I've taken the realtor's contracts and I've just copied and paste it into my own separate word document, right? So I, I take their language and copy and paste it into a word contract and I just take out the stuff that talks about the brokerage, things like that. So I'm hope I'm okay by confessing that. I, if I'm going to, if your opinion of me has been lowered because of that, I apologize. But I, you know, I think maybe it might be a good idea and, but bottom line, and this is, I am being serious here.

Like anytime you use contracts and stuff like that, make sure you review it. You review the contracts with an attorney who is good with real estate stuff, right? I have a friend, a student and a friend. His name is Adrian and down South, I won't tell you which market, but he was doing some lease option deals and he wanted an attorney to review my contracts and he also wanted an attorney to help him close these lease option deals. So what did he do? He just went to Google, did a search for real estate attorney. He didn't



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even search for creative investor friendly realtor or attorney or a, you know, real estate attorney. He just looked for real estate attorney, found a couple million of them, cause this is a big, big city. And he just started calling every single one of them until he found a real attorney that said, yeah, I can help you with your deals.

No problem. I'm your lease option deals specifically. So then he sent this lady my contracts, she reviewed them and said, yeah, these are fine. Just add these few little things in here, take this couple things out and they're good to go. And this attorney was also able to help him managing the escrow funds and closing on the deal and doing the title search. She had access to all of those tools and stuff like that. Isn't that cool? So that's what I'd encourage you all to do. Like find an investor friendly, creative real estate attorney. All right, so let me tell you one more thing. About lease options. In particular St Louis, it says St Louis association of realtors, I don't remember if it was St Charles. There's like different associations here in this area. And they used to have a contract specifically for lease options, but they actually got rid of it.

The state of Missouri, they used to have an option contract that was part of the standard forms and they got rid of it and the state of Missouri still has it. So I asked somebody about that one time, this was maybe five, 10 years ago, I don't know. And they said, well, they just determined that they didn't need it because really you can just use a regular purchase and sale agreement and you're gonna write language in there that makes it an option agreement pretty much is what they decided to do. Or, and they also said if people really, really want to use an option agreement they can use the Missouri one. Does that make sense? Cause it, and realtors, by the way, when they are doing their realtor stuff, they have really, really strict rules. Like they have to only use their realtors contracts because they're approved by an attorneys and they cannot like make changes to it.

They can't cross things out. They can't, I was going to say they can't really even add things to it. Although there's some lines for you know, additional agreements or something like that. But they're very, very strict with these things. So if you are a realtor, I would encourage you to look at your local documents and your state documents cause you may be able to use something from the state if you don't have it in your local. Does that make sense? So anyway, the St Louis realtors association didn't, they got rid of their option contract and I asked somebody about that and they said, well you know what we do is we just, if we're going to do a lease option, we just use the standard lease and the standard purchase and sale agreement. We make the lease for two years and then we make the purchase and sale agreement for two years.

And it's really actually quite simple. He said, and this guy in particular that I know that does a lot of lease options with the realtors contracts and he actually does them as a realtor. He gets paid a commission. What he does. And I thought this was so brilliant. I've been using this ever since. The lease doesn't reference anything in regards to the purchase and sale agreement. Okay. But the purchase and sale



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agreement references the lease and one of the special agreements that he's written in says that if the lease is broken, this sale agreement is canceled. That's the same thing you have in the, in the typical lease option agreement and then but if the tenant ever stops paying their rent or you know, you have to evict them, all you do is you give the judge a copy of the lease, which doesn't reference anything in the sale agreement and it's, you know, nine times out of 10 it's never a problem to do the eviction because they broke the contract.

Okay. That's another little tip here too that I'm giving you a, I hope you pick it up, what I'm laying down. If you want to find a good eviction attorney, call some of the biggest property management companies in your city and ask them which attorneys do you use for your evictions? I did that one time long time ago. And I've used this guy about three times. And they told me, they said this guy's name is Buck. He goes by Buck. It's his nickname. Super nice guy. But don't ever call him after you give him the information that he wants. You know, they're gonna want a copy of the lease and a copy of the guy's driver's license and a copy of whatever. I don't know, but just contact him. You know, you're only gonna talk to him once. Don't freak out. They said send him everything that he wants and then don't call him to ask him for updates and trust me, they said he'll take care of anything.

So this is a cool thing about this guy. He's does, he does so many evictions cause he works with the biggest property management companies, the judges, they all know him, right? And they just pretty much rubber stamp anything that he gives to them because he always makes sure that he has everything lined up. So I talked to him, he was a nice guy. And I said to him, Hey, by the way, these guys told me not to contact you after I send you this stuff. And he said, yeah, that's right. And he cussed or said something like that. He's the kind of rough old guy. And so sure enough, you know, like three, four weeks later, I don't hear anything. And all of a sudden I get a call from him that says, all right, it's all taken care of. The tenant has been evicted and we, you were awarded like a \$5,000 judgment or something like that in taxes and collections and fees, late fees and all of that court costs.

And by the way, here's a collection agency that we recommend you use that we'll collect this stuff from. So I couldn't believe it. And sure enough, about two years later with this collection agency, you collected all of the money that this tenant owed me. And yeah, it's amazing. So that's another good piece of advice. Again, talk to local property management companies and ask them which eviction attorneys do they use. So on this lease option agreement that you're using with the realtors contracts, there's some few few things you want to add into the special agreements number one, and, but any of this in the lease, this all goes into the purchase and sale agreement. Number one, the, if they break the lease, this cancels the contract to buy the house. Number two, the, the option money, which is you can call it an escrow or I mean earnest money deposit or whatever.



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You need to write some kind of language in there that this money is not escrowed. But they do get it credited back to them to reduce the price. It goes towards the purchase is the way I put it, it goes towards the purchase of the property. It doesn't mean I'm not promising or guaranteeing that it's going to go towards their down payment cause that depends on the mortgage broker at the bank that they're using. If you're doing anything with repairs and maintenance and things like that, you'll need to write that into the purchase and sale agreement. And so what I've done is I just actually added or created a new little page and anything that's in my standard lease option, contracts and agreements and the things that are specific to the lease option stuff I'll put on that page and just make everybody sign it.

Simple isn't that, you know, because then the cool thing too is when that tenant buyer now gets ready to buy the house in two years, you've got a standard legal purchase and sale agreement already signed. So you just have the closing date in two years. I hope that makes sense. All right. So yeah, here's the thing. I recommend you make some friends with some realtors. Ask him if you can steal their contracts. No, I'm just kidding. You might even think about getting your own license. I've, I've been with Keller Williams for a long, long time. I like Keller Williams a lot. I'd suggest you check them out. And if you do let them know that I'm your sponsor, say, Hey, this guy Joe McCall, he's recommending Keller Williams and they'll hook you up. Okay? Can't think of anything else to say. I'm going to go back into my daughter, watch her gymnastics thing here, and go check out if you need some money for your deals, go to LendingForDeals.com. We'll see you guys. Take care. Bye. Bye.