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3 Things You Need To Focus On To Do Deals In This New Market

Hosted by: Joe McCall

Welcome. This is the Real Estate Investing Mastery podcast.

What is up, everybody, how are you doing, Joe McCall here and on this video, I'm going to be doing something different that I've never done before. I'm gonna be just teaching and sharing with you three really core fundamental things that you need to be focusing on if you want to succeed and do deals in this market. Everything as we know is changing. Right. And I'm not going to predict what's going to happen in the future. I'm just gonna tell you in this video, and this is actually gonna be one of three different videos that I'm gonna do here that I'm gonna be putting this live on Facebook and YouTube. Three different things that you should be focusing on if you want to succeed and find the new opportunities that are coming. The housing market has changed. The economy has changed. And it may take us a long time to recover and may take just a few months to recover. The government may be able to bail us out.

I don't know. Don't know. But I do know this. I started real estate investing in 2006, the height of the market, and I'd been studying it for about three or four years. I started buying houses and made a lot of mistakes. And now actually the market crashed in 2008. I lost a lot of properties to short sales and foreclosure. I'm embarrassed to admit, but I actually started flipping lease options. I adjusted. I started reading that book *Who Moved My Cheese* or *Who Moved the cheese* or whatever? Recommend you go check it out. I started thinking, where is the new opportunity? What happened? What's going on now? And I started finding a new opportunity for me in lease options and specifically flipping lease options. And so that's what I'm going to be. I also started focusing on some other things because I was doing a wholesaling, traditional wholesaling. I was flipping lease options.

Now I'll talk about what all that is here in a minute. But I started focusing on buyers. I started focusing more on follow up and I started focusing more on lease options. And that's why I want to share with you on this video. And I got some cool things I want to give to you for free here on this video. OK. So this will be interesting to see if it works. We'll see. But I'm going to teach you some really cool things. And I have a mind map here. I'm actually going to share my mind map. And let's



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see if this works. Boom, boom, boom. All right. You see this mind map right here, right? This is a flip mind map. I'm calling it for a changing market. A flip.

Mind map for a changing market. And I'm actually going to give you this mind map for free. When I want to give you a link right now to get this mind map for free. Text the word flip. The 31, 31, 31, if you text the word flip, F-L-I-P to 31, 31, 31, you will actually get this mind map. The thing will text you a link to click on the link and then you go to that link you put in your email and it'll email you a copy of this actual mind map. You're going to want this mind map. I'm giving away a lot of free things.

Calculators, letters, marketing pieces, other things. Bunch of things. You know, you'll see. Just bear with me and wait with me here. OK. So if you want this mind map, text the word flip to 31, 31, 31, 31, 31, 31. Cool. I got one more thing I got to show you here and I'm excited about. I just released the audiobook of my wholesaling lease options. I have this book here, Wholesaling Lease Options. It's one of the books that I wrote. And this is the strategy going to be talking a lot about this video. This is a strategy that I use to quit my job one year into the recession. So in 2009, people were not quitting their jobs. Right. People were praying to hold on to their jobs. People were afraid to quit because the market was falling apart and everybody was getting. Not everybody, but a lot of people are getting laid off. And it was very, very difficult trying times similar to what we're in now. But it was just spread out over longer times, pretty much the main difference. But I quit my job doing lease options. I was a civil engineer working for a large electrical contractor, building power. Go figure. And I got tired of my job. I got tired of traveling. I tired of working in a cubicle, as I call it, affectionately and grateful to have a job. But I was, you know, after making years and years of making a lot of mistakes, I finally figured out these options in a down market work really, really well. And I was making more money doing lease options part time than it was in my full time job. I was making a good seventy five eighty five grand a year. So go check. I'm selling this for only dollar ninety nine. I know things. Times are tough right now, but I think you can afford a dollar ninety nine audiobook. So for a dollar ninety nine you get the audio book of this wholesaling lease options right there. W low audio dot com. Right. So I'm a jumped to the mind map here and hopefully this works. And you see my screen here and you see this mine map. All right. So if you guys can I know some of you are watching this live right now on Facebook. Just post that. Hey. Yes, I can see. It looks good. Thank you. All right.



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So, again, here my my audiobook for \$1.99. Again, you can get this mind map for free. Just text the word flip to 31, 31, 31. Now, here's what I want to talk about. Important things to be focusing on in this market. There's three things making more lease option offers or creative financing offers. Number two is buyer marketing. And number three, following up with your old leads. This is again, really critical. I did a video a few weeks ago. We. To go talking about these three things. And I just want to dove into more detail and actually give you a lot of stuff that you can actually start using. I also want to tell you, this is part of a mind map that I used before when people would text the word flip to 31, 31, 31.

So I can't remove it. So I have to keep it in here. OK, so or else other people that got this might not before won't have this. But here I have a whole sale, a whole wholesaling, one on one class. This is an entire wholesaling class in the mind map here. I'm giving you all of the videos and transcripts of the videos that we did here. There were 15 videos are all the steps to wholesaling, marketing, talking to sellers, making offers, following up, finding cash buyers, closing the deal. The tools to get started and all of that stuff. Introduction goes up there. So you get a videos and the mind map for wholesaling one to one in in the mind map for free. OK. So the thing that I want to talk about on this video is lease option offers.

Basically, you guys, if you're thinking that you can just be a one trick wholesaling pony where all you have is a cash offer, you're going to really struggle as we go forward in this market. OK. Bottom line, that's the way it's going to be. Sellers are motivated. Yes. You're going to. But here's the problem. Buyers are motivated, too, and they're getting really, really nervous and their pricing is going down. The money that they're willing to pay for a deal is going down. A lot of their lenders, private lenders, hard money lenders, transactional lenders, they're getting nervous. They're not as willing to lend freely as possible. So if all you know is a cash offer, that's fine. You're going to do all right. But I'm telling you, you'll do better if you learn how to make creative offers. And so what I want to be talking about in this video is how to make multiple different offers. So you don't just have a cash offer. If the seller says no to a cash offer, you can offer a lease option offer or in owner financing offer. I'm actually going to give you my calculator and show you how I make the offers here. And you actually just walk through a couple examples because again, you want to be able to give the seller options. You can go from getting one out of every 30 offers accepted to maybe three or four out of every 30 offers that accepted. That makes sense. So instead of you can almost double or triple your lead flow by giving the seller options.



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Now you don't have to give the seller all the options at once. But after they say no to your cash offer, maybe give them a lease option offer. And in fact the cool thing about lease option offers is you can give them whatever price they want as long as they're willing to wait for it. You can give them me. Say that again. You can give a seller any price they want. As long as they're willing to wait for it. You understand the power of that. There's a lot of power in that. And that's exactly what I started doing. I was wholesaling. I was getting tired of throwing away leads that didn't have any equity. I was getting tired of leads that had equity, but they weren't willing to share any of it with me. I was tired of like going out to meet the sellers at their house. I was tired of spending thousands and thousands of dollars on direct mail every month. That's what I was doing back in '08, '09. When I started doing these options, I could find more leads than I can handle for free from Zillow and Craigslist. Now you can add Facebook Marketplace to that. And I just had a V.A. sending texts and emails and voicemails for me and I would just talk to the people who'd raise their hands. All right.

So let's talk about the different kinds of offers that you can make to sellers. I have a calculator here in the mind map. And this is why you want this mind map. I'm going to give you this calculator right here. Again, text the word flip to 31, 31, 31. The word flip to 31, 31, 31. And you'll get the mind map in here. I have a calculator. Now in this calculator, you're going to get what I use for a cash offer, sandwich, lease option offer and lease option assignment offer. Now, let me say this. Obviously, this goes without saying don't make an offer on a lease option if you don't know how to do a lease option. OK. Otherwise, and I think I don't need to say this even. But you understand like the seller is gonna think you're weird and you don't know what you're doing. And so maybe don't make an offer if you don't know how to use the contracts and the paperwork and how to sell the deal, how to find a prescreen, good tenant buyer and all of that stuff. Right. A good place to start is getting my audio book at WLOAudio.com, WLOAudio.com, and I teach you how to do these deals here in option number three. In the mind map, I'm also giving you a calculator that I created for seller financing. There's cash offer option number one, seller financing interest only, payments number two.

And number three, seller financing principal only payments. So sometimes, you know, if it's a cheaper property, if it's under one hundred thousand dollars, for example, in the Midwest, I'm going to make a cash offer in seller financing offers. I don't want to make I don't want to do lease option on the lower end, cheaper property. And so this is a good way to make different offers to



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the sellers. And you know what? I'm presenting this to the seller. I don't care which one they take. Right. These are all still great deals. So I'll walk through these two calculators here in a second. In fact, let's do this. I'm going to walk through. Well, let me just give you a little. Let me call this year lease option calculator. Let me walk through kind of my philosophy a little bit and how I make my three main offers, my cash offer. I'm on the move. This right there. OK. My cash offer, my whole selling lease option in my sandwich lease option. And you'll see in these. Leaders here. But this one example you see on this one I did hear my cash offers 215 I sandwich lease options to 273 and my lease option assignment on my wholesale lease option is 320. So the kind of steps up the same with the seller financing my cashes. Thirty three thousand my principal or seller financing interest only payments is fifty seven thousand and my seller financing principal only payments is sixty five thousand.

So the price kind of goes up from one to the other. Sometimes if they're motivated I'll just give them a cash offer. Right. Or I might just give them a sandwich lease option offer. If they're cold I might give them all three. Or am I give them one at a time I might say. Well here's one offer, here's another offer so I might give them too. But that's something I teach in the course in the book you can check out. All right. So kind of give my philosophy when it comes to cash offers, I keep it super simple. There's two methods I use. I use 70 percent of ARV minus three pairs minus wholesale fee. That's your typical mayo formula, right? And ARV calculate just to be the average or the lower one of Zillow, e-appraisal, real quest express what those free different services and I'll show you what I mean here in an example.

So I take the ARV times 70 percent. ARP is after repair value times 70 percent, minus three pairs minus wholesale fee. And for repairs I just figure five bucks, 10 bucks, 15 bucks a square foot depending on kind of what work is needed. You might be needing to do 20 bucks a square foot. But this is going to get you within 10 to 20 percent of where you need to be. OK. Another way that I do cash offers and this is important. I'm going to add this in here. I do the average of the lowest three or five times 80 percent. And I'll show you this as an example, too, especially the lower end properties I look at. Right. I like to go to Redfin to get sold comps. Look at the lowest three, lowest five. Average them. Multiply that by 80 percent. And that's the cash offer I give. So that's two different methods. OK. Let me call this alternate method. By the way. Do you have this mind map yet? Have you texted the word flip to 31, 31, 31? I promise I will not spam you, but I will e-mail you a couple offers here and there. All right. Wholesaling lease option offers. I'm going to give



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them whatever they want. This is a beautiful thing about it. Whatever they want and whatever market. Well, I'm not gonna give them whatever rent they want. I'm gonna give him the market rent and a minimum of two years. So the house is worth two hundred. I'll give him two hundred for it. If it's worth two hundred and they want three hundred for it. Well you know what. Maybe that's not gonna work, but maybe it would work if I instead of two years I do 10 years, 15 years with the right to renew it every year that it doesn't appraise. Does that make sense.

So I can give the sellers whatever price they want as long as they're willing to wait for it on a wholesaling lease option. And then you have sandwich lease option. This is where you stay in the middle. Yes, you have to. There's three profit centers. Cash now, cash flow and cash later. And so my quick and dirty calculation offer for this is pretty much as it is value times. Eighty five percent. So I take the ARV the after repair value minus repairs and I get the as-is value. What's the house worth now. Time's eighty five percent because why I want at least 15 percent equity in the deal. And my cash flow, I want at least 300 bucks a month in cash flow or twenty five percent of the rent. And I want to try to get minimum of five years. I'm not gonna spend too much time on this because this is what I teach my course. And I have a lot of stuff on here about this, but that is the sandwich lease option where I'm going to stay in the middle. All right. You understand what I have here? I'm making a cash offer, a wholesaling lease option offer and a sandwich lease option. Would you like to see an example of this?

So right now, I'm actually live on Facebook in the YouTubes. And if you want me to show you an example deal, what I want you to do is type in the comments a city give me a city that you want. And what I'm going to do is I'm just gonna go to Zillow and I'm going to look at that. Look at that up. Thank you, Dan.. Dancing here. Looking good, Joe. Appreciate it, Dale. Thank you. Text flip to 31, 31, 31. If somebody could type that into Facebook, I would appreciate that too. Type in text flipped 31, 31, 31. Somebody give me a city. You can type this into Facebook or YouTube. I see your comments. I see what you're typing in Facebook and YouTube. OK, we got it. Come on, Sam. I can't use yours. That wouldn't be fair. How about Newark? Newark, New Jersey. And if Newark doesn't work, then I'm going to use Fresno. But I'm just kind of going to see who's typing in here. Coral Springs. I don't know where that is. Is that Florida? Probably Savannah, Georgia. Oh, I like Savannah, Georgia. Well, let's go to Newark, New Jersey, shall we? A



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Il right. Thank you, Gisele. Appreciate that. Typing that in. And then Phillip also typed it in. Appreciate it. Thank you. All right. So what is it again? Newark, New Jersey, a private can't even pronounce that right, but we'll go with it. All right. I want to share my screen here again. Newark, New Jersey. I'm just going to go look at Google. There's some deep scientific research here and go to Google and get some information about Newark. See where it is. It's near New York. OK. One thing I know about this area is it's a little more expensive. Right. If I go and do a search here, median home price, Newark, New Jersey. New Jersey, the Zillow is going to tell me. The median home price is two hundred eighty five thousand dollars. OK, that's fine. Let's go to the Zillow. One of my favorite sources for leads is Zillow because I like to go find properties that are listed for sale by owner and for rent. And what I'm going to do now is I'm just gonna change my filter here for rent. And what we're gonna do is we're just gonna come up with an offer. I'm going to find a property that's listed for rent and I'm going to pretend that my V.A. sent them a message and I'm going to send them a offer.

Well, you know the V.A. sends a message, hey, I saw your your rental property on Zillow. Looks like a nice house. I'm looking for a nice house. No, I'm just kidding. This is a nice house here. Maybe? This is Newark. OK. Give him a break. Be nice to our friends from Newark. That's a nice house. Maybe eighteen hundred a month. Let's remove the boundary I want to look for. OK, fine. We'll just stick with this. Let's go with this house. Newark. It's a three bedroom, two bath. 15 hundred and sixty seven square feet. They're asking eighteen hundred a month for it. OK. And let's say the seller. Well, you know what I wanted to find a property has interior pictures to show you. Like we're looking for nicer homes that don't need any work inside. I'm going to actually remove the boundary here and I'm going to zoom out a little bit. Let's go further out into the burbs. That be okay with you guys? Go further out into the burbs. I'm gonna start this from high to low. I don't want the big expensive house. I don't recommend doing lease options on a \$12000 a month house. So let's just scroll down. Let's get in the upper twos. Three thousand range. OK, and how about this house? See if it has interior photos. It's got a gnome in the front yard. Must be a nice house. OK, this is a good-looking house. Let's just go for it. This is in Elizabeth, New Jersey. Oh, it's a duplex. Can you do lease options on duplexes sometimes? No, it's a little bit harder. I knew I shouldn't take in Newark. How about this house? Oh, what happened? Where's the picture? Oh, my gosh. Whatever. There is no interior photos. I wanted to try to show you like we're doing. We want to do these options on nicer homes, in nicer areas. And so I wanted to show you interior



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photos of, you know, a house that didn't need any work. It was ready to go as nice. And it's in the median price range. And if somebody finds that house, they're going to want it.

This looks like a nice house. OK. I mean, how would you not want to live in here with little kids if you had a family with little kids? How could you not see this house and say, my kids would love this place? Like I can't wait to let my kids run around with this tiny house and play with all the antique furniture. OK. This is a three bedroom, one bath. Two thousand square foot. Twenty seven hundred and fifty. This is a great if you're gonna be quarantined. You got little kids. This is the house you wanted them to be quarantined in. Right. This furniture looks like it's really expensive and valuable. Yeah. I don't see any baby cribs in these pictures and high chairs and toys. All right. Enough of my hilarious sense of humor here. Good grief. I'm going to copy this address right here. And I do a couple of things. I'd like to go to E-appraisal. I'd like to go to the Redfin. I like to go to I have a propstream account, propstreamjoe.com. And I'd like to go to express dot real quest dot com. Let me log in to propstreamjoe.com real quick. See, I didn't even do any of this in advance because I wanted this to be like raw. Here we go. I'm just putting in some values in here to see what I come up with. And just to kind of make it look real and unplanned and unprofessional. All right. Here we go. E appraisal says it's worth 414,976. I'm just going to put these numbers in here in my little calculator. Now, what I do again with uncalculated they Harvey. All I do is I try to look at what these other sites are saying and just average them get the median. You know, I don't I don't spend too much time looking at this. If the seller says yes to my offer, I might then, you know, spend a little bit more time diving deeper into the comps. But this is just my initial offer 427335. OK. 4 2 7 3 3 5. But as Redfin's say, 4 0 5 1 2 6. 4 0 5 1 2 6. What does propstream say? Again, PropStreamJoe.com. It's really cool. Somebody always asks me, what's that clipboard thing you use to get things that you've copied in your clipboard? It's called clipboard history and I'm using a map a MAC. 4 4 0 2 4 2. Let's put this in the spreadsheet and the real quest. Give me real quest express, huh? OK. This may not be right because it's saying Seventy Seventh Street. It's not giving me an address. So sometimes real Quest Express. This is the free version. Sometimes it works. Sometimes it doesn't. There's usually always something that doesn't work where you're hoping to get it right. Let's try Realtor.com. You know, the Realtor.com. Oh, my gosh. Just work. This is it. It's unit home is what came up value. It's not going to give you a value because it's on the MLS for rent right now. Sometimes Realtor.com gives you guys. All right.



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So anyway, here we go. We got at least four of them for twenty seven for fourteen four or five for forty. Now, don't go off on how inaccurate Zillow is or these things in their waste of time. All I'm doing is I'm just averaging this is my initial offer and I like to look at the average and the median because this tells me, you know, where we're at. May tell me I need to remove the media to remove the outliers. So let's just say let's go out for twenty one. Sounds pretty good to me. I'm going to put it right here. 420 1 0 0. By the way, if you want this calculator, you can get it. Did I say that? Yeah. Go get my mind map. Text the word flip to 31, 31, 31. But once you get into this, if you want to edit this calculator and use it, you'll need to go right here to file and make a copy or download it as an excel if you want to use it.

Because when you get my link in the mind map, you'll only get view privileges. You can only view it if you want to use it, get it in there and play with it. Go to file, make a copy or go to download and download it as an Excel spreadsheet. Okay. Now if I'm going to make a cash offer, I'm going to do 70 percent square footage. I think we said was \$2000 a square foot. Now looking at the pictures. You know, it's nice inside. I don't think it needs much work. Once all the furniture. This will be interesting. Like. Are they keeping the furniture? Well, I don't know. But one of the things you guys gotta be thinking about is you're going to start seeing a lot of property that's furnished like this that's listed for rent. I have a feeling, sneaky feeling. This might have been an Airbnb. Airbnb owners are struggling right now hemorrhaging cash. And it's really tragic and sad. Something that's this nice furnished like this tells me it might be an Airbnb, see you may be able to negotiate something with keeping the furniture in there. I don't know if it is furnished, you're gonna be able to you'll probably able to get a lot more interest and charge of more premium rent with it. Okay. So just ask them. But let's say we contact them and they say and how do we contact them, by the way, let me cover that.

Right now this is listed with a realtor, so I don't have the time to show this, but I teach how to contact the whoever's number is there. See the phone number right there? You contact them, send him a text, call him and say, hey, listen, I saw this property on Zillow 1703, 77 Street and looks like a nice house, you know. Would you consider selling it? Would you or your client? Would you or your client consider selling it? And they may say no. They may say maybe make an offer so soon. Is there any kind of any kind of warm like, yeah, maybe I'm going to call them I'm going to pick up the phone. Or if you're using REIsimple, you can click a button and call them in and say, hey, tell me about this house. Looks really nice. I'm an investor. I'm looking for property in the



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area. Tell me about it. Is it a good home? Good area? What's the neighborhood like? What's the backyard like? Do you have a big yard? You know, ask him questions about the house and you say, well, if you'd like to sell me, what's the least you'd take for it? I'm an investor, you know. Tell him I'm an investor and I even tell him I'm an investor out of town. I'm not even in the area. So that stops the whole question of like once you come and look at it. Tell me about the property. Well, you know, the least they would sell I don't know what they would sell it for. Just make an offer. Well, let me ask you another question. Like what you just listed on the MLS for sale if you want to sell it for the highest price possible watches listed on the MLS. Well, you know, we can't or we don't want to or we're not really in a hurry to sell it. So on a scale of one to 10, their motivation, maybe a two or three. Right. So this is where I might send them three options. I might send them here's a cash offer. Here's your sandwich. These options offer. Here's a wholesaling lease option offer.

But I might ask him something like, well, you know, listen, what if what's the bottom line number, what you need to walk away with? And they say, well, we would want to sell it or we wouldn't sell it for a penny less than for twenty five. So, OK. Because that was that would you feel like it's worth is that a fair price for this crazy market is it. Yeah, that's a fair price as well. Now I don't know if I could buy it right now for that because like I'm looking here on Zillow and Redfin and I see their similar properties for sale in that neighborhood for cheaper than that. But I know what if I could get you something around that price, if you're willing to lease it for a year first and then sell it, that wouldn't work for you, probably, would it? So I just that's how I position and sell the lease option. Like, what if I could get you that price? Would you be willing to rent it for a little while first and see what they say? And they say, yeah, maybe. All right. So then I might not send them a cash offer. You see what I'm going with this. Sometimes I'll send all three. Sometimes I'll send just the sandwich lease option offer. Sometimes I'll send the wholesaling lease option and a sandwich lease option offer because I want the lower price of the sandwich lease option offered to position my wholesaling lease option. Offer my higher offer in a better light. Hope I'm not complicating this too much. Probably I am. So I'm sorry, but we're just gonna go with it. We're just going with it. We are complicated this enough when we picked Newark. But.

All right. So a 20. The rent. I'm just gonna go with what the market rents are on this property. And one way that you can see what kind of the market rents are as I just will go here and I'll copy this address here. And I'm just gonna go straight to Zillow and I'll show you why I'm doing this here.



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I'm gonna go to Zillow dot com. Paste that address in there. What that does is it puts that property right in the middle of the map. Okay. So then when I close this thing here, that. Property is right in the middle of the map and I'm looking for rentals. Now I just zoom out and I can see what my rental comps are. I'm going to remove boundary and I'm assort it low to high. So I'm thinking here. All right. If I'm going to be trying to get this rented for twenty seven fifty, what does my competition. You know, can people are gonna be interested in this property when they can rent this one for a couple hundred bucks less. Well maybe it looks pretty good. This house doesn't look that nice and it's five hundred more dollars. This one is. You know, whatever. A lot more. So you can just kind of tell by looking. These aren't sold lists. Rentals, right? These aren't leased rentals. These are what the current competition is in the area. And I think 2750 is just fine. I'm just going with it. We'll see. All right. So I want at least 15 percent equity and I want at least 25 percent of the rent for my cash flow. I want to try to get five years on a sandwich lease option. And, you know, I'll put a thousand dollars down as option consideration. So I'm going to offer him now an option price of three fifty seven eight fifty. Three fifty seven, eight fifty. And I'm going to offer him a rent of two thousand and sixty three dollars. A thousand dollars down five years. All right. Let me talk to the seller again. He said I wouldn't sell it for less than four hundred twenty five thousand dollars. And so this will then be my third offer here. I'm going to give him Four hundred and Twenty five thousand dollars. 2750 a month and rent two years. I'm going to put one hundred dollars down his option consideration because you could use ten if you want, but you have to give something for consideration to the sellers.

Now I don't have the time to show you how. Like I have a letter that has a cover letter and it has another page with the three options and then another page explains what a lease option is. List the benefits. And then three pages of frequently asked questions. Cause just get my book. If you get my audio book, I talk about that. I actually even give pictures of it in here. I can't find it right now, but go get the audio book at WLOAudio.com. Okay. Wait a minute, Joe. How can you view the pictures from the audio book? That's a good question and I have not thought about that yet. I don't know. That's a good question. I don't have too many pictures in here. Look, it's all killer. No filler, as I say. I'll have to figure that out. But anyway, in the book, on the audio or the book, I talk about these three different offers and how to present them to a seller. Makes sense. Now, I want to show you another example, like on a cheaper and property and this time I'm going to pick my own market. Somebody else gave me. Let's just go to St. Louis. Because I'm so familiar. No, no, no. Let's do this. Let's just make this fun. Somebody else give me a market and I'm going to look at the



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comments here. Oh, Tyler. Good question. You have a script for calling for rent leads. Yeah, I do. I'll get my audio book at WLOAudio.com. And I talk about that in there. OK, so type in another city. I want to. Let's go through it here. Gisele, is that a city? Probably not. New Orleans. I like. How about Dale? New Orleans. Let's do New Orleans. Now New Orleans is crazy, so I don't know if I'm making another mistake here. New Orleans, Louisiana. Let me share my screen because you don't see it, do you? All right. New Orleans. I'm going to zoom out. And what I want to do here.

This is New Orleans. Yes, I saw the word bayou somewhere. It must be New Orleans. All right. These are houses for rent. I just assumed out we have eleven hundred results. And what I'm going to do here is I'm I'm going to look for properties that are. How about under a thousand dollars? Remember, I talked about I don't want to do a lease option on cheaper properties, but I might do seller financing on cheaper properties. So I have a calculator in here, seller financing. And this one's a little more complicated cause I got numbers in here. I went spreadsheet nerd crazy. And but you keep you know, if you understand anything about spreadsheets, you can kind of go in here and see what I've done and I'll explain it. I'll try to as I go through with this. OK. So here we are. Let's say we're doing some marketing and this looks like a good one. This is in Baton Rouge. I love the name Baton Rouge. There's not even any pictures. And it's listed by a broker. I think 100 Fold LLC and I have a phone number here. I send a text. Nothing happens. Goes to voicemail or it's a realtor, a broker. So I send the owner of this rental property a letter.

Let me give you another example here, because one of these things, one of the things that these houses all have in common. If I can find one that has pictures in it. Here we go. Guess what this one has in common with all the other rentals. There's only four pictures and they're the same. What's wrong with you people in Newark and Baton Rouge? This one doesn't have pictures either. Maybe there is. I don't know. I'm trying to find one. That's not a street view. This one, this looks like a mobile home. It's a modular home or a mobile home or something like that. Typically tend to stay away from those. Let's do this. I'm going to map my rent to twelve hundred assort from high to low and get some normal houses in here. You know what? I'm going to do something. I'm going to change this to a thousand instead. All right. Here we go. This looks like a normal house good with awesome countertops. Blue is the new trend, colored countertops. All right. So guess what? Again, this house is vacant. All of these properties on Zillow has something really cool in common. It's vacant. Now, what I wanted to show you was here, there's no phone number, so I can't text him. Sometimes if you click, ask a question. You'll find the phone number right there.



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But, oh, it's a rental property management company. Oh, no, that's all right. I'm still going to call him or text him anyway. But with REI simple I can take this address right here and it's a and I can click a button, find the owner, click another button and send him a letter. I can send a letter to the owner of the property. All right. So the guy's like, I just want to sell it. I don't. And it's a cheaper property. You don't want to lease option it. He just wants to sell it. So I'm going to make him a cash offer. A cash offer.

So what do you do? How do you do that? I like to see if Redfin is available in this area. All right. Good. Redfin is one of the things I like about Redfin is I get really good sold comps. So what I like to do is go down here to the map. Sometimes you'll see it. There'll be a link that says right here, map nearby homes for sale. And there's two maps for some reason, like one isn't good enough. So they they give you two of them. Here's the second one. Right here is this link called Map Nearby Homes for Sale. Now, this is sneaky. Redfin gets a little sneaky with this. If you sometimes you can't find it. You have to click on this little square icon. Right. So this property here is a 1100 square foot. So I'm going to click on this thing here, map nearby homes for sale. And so that property's now in the center of that map. And I can sort this. Now, these are all of the current homes listed for sale and that map. I can zoom out. These are all the homes that are for sale. All look at this. Sixteen thousand. Now let's make sure these are houses. House. OK. And let's do what was the square footage, as I say again. Eleven hundred square feet. So let's do a thousand to twelve fifty. So only three homes. Zoom out stonily here. Only have three. So I might change my filters here to be a thousand to fifteen hundred square feet just so I can get more. All right. I can see here some of us sold for seventy four nine. Are these are active listings. OK. To see souls. I like Redfin because it makes it so much easier. I switch sold on let's do last six months. Maybe we have some more astute last year apply filters. All right. Here we go. So now I have 31 properties. If that's too many, you can just zoom in. All right.

Now, this is a pretty wide area, but now I can see sold comps sorted from low to high. You've got sixty-nine thousand. And this one looks like it's been rehabbed. It's in good shape. Seventy-two thousand. Eighty thousand. So if I'm going to make just a quick, fast offer. And these all look like they're decent. Right now don't take the average calculator. Sixty-nine thousand plus seventy-two thousand five hundred plus eighty thousand equals divided by three to the average is seventy three thousand eight hundred and thirty three times point eight. I'm going to offer fifty-nine thousand. Let me get my pen and paper. I'm going to offer my first. My first offer is 59076. OK,



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that's going to be a quick and dirty cash offer. Fifty-nine thousand now on my seller financing here. Let's see. I'm going to say that the rents for a thousand bucks. So this kind of starts with rents and I'll get to that here in a second. So let's say the ARV on this thing doesn't really matter for the sake of this calculation, just kind of doing it here. The seller says they want they wouldn't sell it for less than eighty thousand if it was a cash offer. I know in this area, if I'm going to sell it to an investor, they're going to want at least to start. They're going to want at least 12 percent return on their money. OK. If I can sell it net 12 percent cash on cash return, I'm going to find a buyer that will want that property. Right?

Square footage is about eleven hundred square foot. You don't need any repairs. You know, I want to put five bucks a square foot in their gross monthly rent. Let's do a thousand a month. And I know I want to cover about 50, 40 percent for expenses, property management, taxes, insurance vacancies, maintenance, repairs and all that stuff. Right. So the net cash flow on this deal, if I'm figuring 40 percent for expenses, the net annual cash flow is going to be about seventy two hundred dollars. And if I want to make 10 grand wholesaling fee and I'm figuring about \$500 in closing costs, I'm going to offer the seller forty-four thousand. So this thing calculates if the net cash flow is 70 to 100 and that investor wants to make at least twelve percent of the money, I'm going to offer the seller. Forty-four thousand. I'm going to sell it for fifty-four thousand. What that means is I'm selling it to the investor for fifty-four thousand if they buy four fifty-four grand. After they put in repairs and closing costs and they rent it out and they're figuring 40 percent for all of their expenses, they're going to make 12 percent on their money. So this offer is based on the ROI. This I call this the ROIC method. Does that make sense? This is based on the argument that I'm going to offer the seller 40 for myself. Fifty there, the investors all in after repairs and closing costs, sixty thousand and they're gonna make 12 percent of their money.

If I change this to fifteen percent, I have to offer thirty-two and sell it for forty two. If I have an investor that I know is looking for 10 percent ROI, I'm gonna offer fifty six and sell it to the investor for sixty six. Does that make sense. Clear as mud. Right now that's my cash offer. Remember my other calculation. I figured fifty nine. So now I need to think about this. Should I offer fifty-nine or thirty-nine. Well I'm gonna go with the lower one. I'm always playing it safe, going to the lower one. But let's say you know what the seller wants 80 grand. Maybe I can get them 80 grand. I must say the ARV on this house is just 80. Just go with it. I think Redfin didn't. Redfin say it was higher than that. I remember anyway. So let's say the ARV. Let's just give the area ninety thousand and I



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can get the seller 90 percent of ARV. Maybe this is a spreadsheet that you can play with the offer and I'll offer them 3 percent down 5 percent interest rate balloon in 10 years. And you look at the numbers and calculate your purchase price, your cash needed, including CLO repairs. Your annual net rent after 40 percent for expenses. Your annual debt service. Your monthly debt payments, your annual net cash flow, your monthly. Next you're going to make two hundred ninety five dollars a month net cash flow after all your expenses. If you buy this house for 80 for 90 percent of a Harvey. So then I'm going to offer the seller. I can get you seventy five for it with 10 percent down to under bucks, five percent interest. And you scroll down, you can see here your first year cash on cash return is crazy. It's 45 percent. In other words you put two thousand dollars in cash plus your repairs, you're going to make forty five percent on your money. If you sell that contract as it is to an end buyer, you sell that contract for 10 grand to an end buyer. That end buyer is gonna make 20 percent cash on cash return. Not too shabby.

Now, let's say, Mr. Seller, I can maybe get you that price that you want. You want 80 grand for it. Let me do this here. I'll give you 80 grand for it. 10 percent down, zero percent interest. So this means I'm gonna need 13 grand at closing annual net rent. Seventy two hundred debt service. Thirty eight hundred net cash flow, blah, blah, blah. I'm gonna make two hundred eighty dollars a month net cash flow, but it's a zero interest. All right. So then I offer the seller 80 grand. Eight thousand dollars down two hundred twenty five monthly payments. So that's ten years or something. Is that right? Or 20 years? I don't know. Let me go to the calculator because I'm not good at math. Two twenty five. Divided by 12. It's 18.75 Years. So you're if you stay in the deal, you're gonna make twenty five percent of your money. And if you sell the deal for ten grand to another investor, you're gonna make they're gonna make 14 percent of the money. Makes sense. You may want to do more periods, 250 periods. It's a little better cash for you. You may want to do less. Two hundred periods. I think I did that right. Oh, I guess I was looking at wrong number. Your monthly cash flow goes down. The shorter the period, but the monthly payments go up. That's what I was like at the wrong number. OK, so now here's the whole point I wanted to share with you in all of this is. When you're looking at talking to a seller. Give them options. If all you have is a cash offer to the seller, that may not work. You're gonna go from getting one out of 30 offers accepted to three or four out of 30 offers accepted when you can give the sellers options. So you can give them a cash offer with seller financing options, or you can give them a cash offer with some lease option options.



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And do you see how much maybe you're more likely now to get offers accepted when you can get creative, give them the price they want as long as they're willing to wait for it. On cheaper properties, I'm going to give them, I want owner financing on nicer homes. You know, generally speaking, the Midwest area. Hundred thousand and up. If you're in Newark, you might want to do a hundred and fifty or two hundred thousand in up for lease options and owner financing four hundred fifty less. Does that make sense what I'm saying. OK, I know I went through a lot. I want to see if you guys have any questions as I've been going through this. I've got a lot of people on here. If you have any questions, type them in. And when I answer them real quick. But I've got to hurry up and get on over to my house. My, my. This is my home office. My office. My home is over there. If you want the mind map again, text the word flip to 31, 31, 31. If you want my audio book. Dollar Ninety Nine for the audio book of this, go to WLOBook.com. Okay. So who's got some questions? Again, if you want the mind map text flip to 31, 31, 31. I mean, look at the questions here. Tyler's got a good coming here. I've been doing rent times. Sixty-five minus rehab for a quick offer. That's great. I had a guy, one of our buyers that was, he said, listen, I used a simple formula take the rent times 12 times divided by one point two or something like that. Raul is a little bit confused on how I'm getting those numbers. OK. So you need to get you need to dove into the spreadsheet and watch this video again. I wish I could help you.

Oh, good question, where do I get that spreadsheet? Who wants to tell her? Text the word flip to 31, 31, 31, and you will get my mind map, which is right here. Let me share with you my mind map. You will get this mind map. And I have the calculators right here. OK. Now, my next video I want to be talking about buyer marketing. How to do buyer marketing, cause that's gonna be really important. And I'm also gonna be talking about how to do follow up with your old leads. One of the cool things about follow up thing that I'm going to be giving you is I'm gonna be giving you the letters. I have a bunch of letters I use. I'm going to be giving you the whole text sequence of follow up text messages we send. Email auto responders with free sellers reports. I'm going to be giving that to you in the mind map when I start talking about follow up. You want this mind map again? Text the word flip to 31, 31, 31. And cool. All right. Let me stop sharing my screen here and see if we have any more questions. Can I do a training on sandwich lease options? Go to SLOClass.com. If you want to see my webinar, my training on that. If you go to SLOClass.com, I have a whole webinar on that. OK. Thank you, Christina WLOAudio. You recommend having a VA cold call, all the for rent properties to make offers. No, I don't like that, although we do a lot of cold calling, but we're not calling rental properties. I prefer to send a text or an email and a letter.



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All three maybe even do a sly dial. And then if any of those sellers raise their hands, then I call them get on the phone with them. Gisele, I love my maps. Awesome. How much is REISimple a month. It starts at ninety seven a month and it goes to one ninety seven. So do you send that exact same spreadsheet to a potential seller. No. That's gonna confuse them and think that you're on crack cocaine or something like that. I think you are using this not to make light of crack cocaine because it's serious but just send them the spreadsheets. I don't text blast or RVM blast. We send text messages one at a time and ringless voice mails. I'm cautiously like I'm telling people, just be careful that I don't like doing it.

All right, good. I don't see any more questions here. Guys, I appreciate you all very much. Two things again, get my audio book for Dollar Ninety United WLOAudio.com. And if you want the mind map that I just shared with you. Text the word flip to 31, 31, 31 in a future video. Probably tomorrow I'm going to share with you how to find cash buyers. Find buyers are really, really important in this as the market shifts here. And then the next video after that, I'm gonna do one more.

That will be how did you follow up? And so what I'm going to do is you may not see those other videos because for whatever reason, I'm going to put links to those videos in the mind map. So in the mind map, you're going to we're gonna have a recording of this video and a recording of the buyer marketing and the follow up as well in that mind map. Does that make sense? Cool. So, hey, listen, if you like this. Give me a thumbs up if you're watching this on Facebook, subscribe or like give me a thumbs up like it. If you're watching on YouTube, subscribe to my channel. And that would be really cool. Got some more questions in here. Good content. Thank you. What you guys think of this. Does this make sense? Is this helpful to you? Type something in. You're welcome, Tyler. Thank you. Well, Kevin, when you make an initial contact with the seller, you tell him what a lease option is and how it works. Yes, briefly. I certainly do. Do I recommend a VA to do the marketing lead gen? As soon as you can get a virtual assistant. Yes. And Christina, you nailed it right here. Terms for selling will be huge soon. We're already seeing it, especially when we're doing. As I'm going to be talking about follow up in a feature video. We're seeing a lot of leads that we sent an offer to before that we're following up with that are saying, yes, I'm interested now. So follow up is really, really critical, especially if you've already sent them a cash offer and they said no. Now you can follow up and send the terms offer. So important. Thank you, Philip.



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Appreciate it. Thank you. Whoever you are. Appreciate it. All right, guys. We'll see later. I'm out of here. I got to go text the word flip to 31, 31, 31, and we'll see a.