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## How To Do More Deals By Positioning The Lease Option Correctly

Hosted by: Joe McCall

*Welcome. This is the Real Estate Investing Mastery podcast.*

**Joe:** Hey, what's up, everybody? Joe McCall, Real Estate Investing Mastery podcast. Glad you're here. Just wanted to do a quick introduction to this video. I thought it was really, really good. Gavin did a coaching call with one of our clients and they gave our permission to re-use this as a podcast. We put it on Facebook and YouTube and stuff. And it's really good because one of the things that a lot of people make mistakes on when they are doing lease options is they try to sell the lease option concept. Right. And when you start doing that, you lose every single time. Maybe once in a while you're okay, but like, it's really important that you stop doing that and you need to start thinking about asking questions. You need to start thinking about being the reluctant buyer or getting people to sell you on why you should want to buy their house. It's all about positioning. Gavin does a really good job of explaining that in this call with Jim and Pam. So I just wanted to give a little introduction to you. I think you're getting going to get a lot of value out of this call. And it doesn't matter if you're doing lease options or wholesaling or what kind of deals that you're doing, the stuff and the principles that we talk about in this. It's really important for you to understand. Okay. So I want you to enjoy this little call. All right.

**Joe:** One more thing, too. I just released my audio book. You can get my whole selling lease options audio book for just a dollar ninety nine. You kidding me? So go to WLOAudio.com, WLOAudio.com. To get a dollar ninety nine audio book. It's all about wholesaling lease options. It's one of the easiest and fastest ways to make money in real estate, especially today in today's market. It's really important you learn how to make a quick nickel rather than a slow down. And with all of the all that's going on right now, I'm telling you, lease options are the easier deals to do. And this is a strategy I use to quit my job. One year into the last recession in 2009, nobody was quitting their jobs. Right. So anyway, go check it out. WLO audio dot com. Let me say one more thing. If you want to get some coaching and some help, like what Gavin is doing in this video, if you want to work closely with us, if you want our help setting up systems and stuff like that I just got to CoachJoe.net, CoachJoe.net. That will send you to another page application. Fill it out. Tell us a little bit about you and we'll get on the phone and see if we can help you. Cool. CoachJoe.net. We'll see you guys. Take care. Thanks.



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**Gavin:** Hey, guys. How you doing? Gavin Timms here with REI Network and I am joined by Pam and Jim Kip Guys, how are we? How are you? I'm good. Thank you. So appreciate you getting on. We're just having a coaching call here. And I wanted to do a quick video before we talked on a certain topic because I think people are going to get a lot of value out of it. So we're just talking real quick about we're getting a good response right now from going in to Zillow for rentals. Finding when it's a property manager or a realtor, you're going to you look open Prop stream, you go find the address and you send them a handwritten yellow letter and then you get a good response with the return of calls on that. And then we're about to get into the situation where we get them calls. And well, what are we saying? So we haven't even got to this stage yet. We're about to talk about it. Right. So the phone comes in, Jim. Right. You're taking them and you're about to say that you find yourself when it comes to the lease option. Kind of. What's happening? Let's talk through that.

**Jim:** Yeah. So what I basically do is I am upfront with them. I say, okay, a rental property. Just tell me a little bit about your situation. Do you like being a landlord? Know you want to sell a house that you might be renting. And I just look them as I'm trying to find out what's their motivation. That's what I do.

**Gavin:** OK. And then what happens then? And you find out that you're going to deliver this lease option. And is that kind of where it starts going south? The conversation?

**Jim:** Yeah. Because I. Right off the bat, I know what their motivation is, what they want to do. I asked them if they would be willing to rent the house or at least the house for a year or two and then sell it. And some people say, well, maybe you might consider that. And you know, what did you have in mind? And then I'd tell them a little bit about lease options. At that point, I probably shouldn't be doing that. I don't know. But that's in my mind. What I got to do is that I want to up front with them.

**Gavin:** OK. No. Absolutely. And I think you should be upfront. So let's talk about. So it comes in. All right. And they're interested, you say, about doing, you know, renting frequently is on. And then they say, yeah. How does that work? And then you start talking about the lease option. So what would happen then? What are you saying to them at this point?



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**Jim:** Well, at that point, I'd just say what we do is we typically kind of tenant buyers. These are not renters. These are people that actually want to buy a home, but they need for lease for a year or two because many times they have a sales position, may be bringing in a lot of income. They're white collar people.

**Gavin:** Just hold that. Now, have you already at this point disqualified a sandwich lease option or not?

**Jim:** I would have disqualified them. When I asked them if they are willing to lease for a year or two.

**Gavin:** Yeah. And then let's say they say yes. Time.

**Jim:** If they say no, they're disqualified.

**Gavin:** OK. But if they say yes. Are you taking this approach to what you've just said. Correct. OK. Right. So you're jumping right now straight into an assignment lease option. OK. You're talking about the third person straight away. You need to be talking about you, and an investment property for you guys. I am looking we are looking as an investment. We all looking to rent something for a year or two and then with having the option to buy it. Not no tenant buyer. We don't need to talk about any of that. We are looking because we're position in worse staying in the middle of the conversation. So the difference in this scenario would be instead of you saying, well, we get the tenant and we qualify. Right. They don't need to know any of that. Hey, Mr. Seller. We're looking, me and my wife, as an investment property. We are looking to rent for a year or two with the option to buy. OK. And then they will maybe say, well, I even I live in the property. No, this is an investment. But we'll take care of all repairs and maintenance. Let me ask you a question and then you will go back into questions. Now we're leaving that.

**Gavin:** Now we want to know the condition. We don't know what's going on. And if you can get you're going to make the payments to them and this is all you then when you're making your offer to position a sandwich lease option, which is still you. What you're doing with the property? Does it matter? Because your agreement right now is with the seller. OK. In your numbers are with the seller to stay in the middle of this deal. And you've already admitted and you've been honest to say that this is an investment. And no, I'm not living it. You don't need to start saying about. You're going to have a buyer in there that can't qualify. It's way too early for that. That's going to



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come later. That's going to come when they come back and say, Jim, I can't do these numbers. Right. I can't do a sandwich lease option because I need to get two hundred thousand in your money off me 1 7 5 0 fifteen hundred in rent and you're only giving me twelve. Now they've had the commitment that this was a good idea and they really wanted to do it. And that's quite not working. Now you can position in the next phone call into the assignment lease option.

**Pam:** We're out of it. They take all of the responsibility.

**Gavin:** You said, well, look, Jim, I don't know if I can make this work. I don't even know if, maybe I can help you out with this. You know, where we could get someone else that could do this with you. You know, maybe that could rent from me for a couple of years. It's not going to be me, but somebody else might be able to do that and get you more money. That wouldn't work, would it? Because that's what an assignment is. We are not going into this as a tenant buyer. And this is how it works. Because now you're going into sales mode and people are like, Oh no...

**Jim:** But here's where the breakdown comes in. And you guys, they're saying that you have to send out three offers. You need five sellers a day. So not three offers a day. The offers are through the credibility kit. That's where I learned what to do. In the credibility kit is where all this information is shared on finding a tenant buyer. And so that's where I got snagged on talking about tenant buyers is because I'm going to be sending information. Rather than talking about this house being an investment.

**Gavin:** Well, if that's the case, just send the three options or even two options, right at this point to the cash and the sandwich. Not the third option, right? No, it's not even discussed yet. And just send the two the cover letter with the options. Forget what it does. You only want to send it if they start to quiz you. They're asking you question after question after question. At this point, they're probably not motivated. So then you'll say, look, let me just. I know you have a bunch of questions, Jim. I'm just going to send you a little pack credibility pack, is what I call it. And it's going to explain a lot of these questions that you have. Take a look at that. And then we will get back on the phone. Some people will push for that. So you can send that. We don't have to send it every single time unless they're paying. All they need to know right now is that you all looking after the property. It's just like, imagine you're going to do an Airbnb and you're going to sublet the property. You can say that you're going to do an Airbnb and sublet. But you're gonna be the one that's running it. You'll go to one that's having all the cleaning is done. You don't need to go in



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to say, well, we're going to post on Airbnb and we're going to list it for this mother to do that and take them to all of your steps. That has absolutely nothing to do with it. All they need to know is that they get in that check or you're going to be buying this thing in the time. That's what they're interested in.

**Pam:** OK, so what we've been doing this, the thing that we've been banning up too much information, right? Too early? We've also offered people with the Airbnb. And we do think we'll get more. We'll do all the selling. People going off without...No one wants to be sold. Yeah. So much would be true. We're giving too much information too soon.

**Gavin:** And it's not that you're holding back and you're lying and it's just isn't necessary right now to be given this information, because the more information you give me, the more I have to think and say this is too much. I can't do it. Right. Right. The matter of fact with the Airbnb situation. One of the benefits, the occupancy is going to be lower. So less people in your home. We're having it cleaned every three times a week. Great. We're going in there making sure that everything is new and up to date and clean and painted and everything else because we're keeping to a high standard. So they all the benefit to someone doing it and working with me. Now, the outgoings on how and when to do it, and run it. And if I'm going have a V.A. do it and I'm going to list and I to put it on these sites. Does it matter? The fact is, I'm paying you a thousand a month and I'm having it cleaned and I'm subletting this.

**Gavin:** And that's the honesty behind it. You don't need to talk about anything else, because unless they ask and say, well, they're all good questions, but we take care of that. And then you get back to them. Yes. But they're not really going to ask. They're not going to let you know because they are asking. Because you're giving them the information to ask the question back by saying, well, what's this tenant buyer? What does that mean? Right. And how do they get qualified again? If you're staying in the middle at this point, that questions for you to deal with, not the seller. Now, if you're assigning it, then, yes, you have to have that conversation. But it's at the right time to have that conversation.

**Jim:** And rarely would I assign it because they're not going to be. Most people in their situation are not going to be in position where they're going to want to deal with a tenant buyer. Then they would just rather rent it themselves.



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**Gavin:** Well, maybe. And again, you don't want to run them scenarios of it's very easy real estate to start thinking what you would do. Right. You have to push all that to a side. Right. And forget what you think's going to happen. And look at what's possible. It's possible that if I get my sandwich lease option shut down for price. Okay. Right. But they like everything else about it. And they just want more rent and they want more money that I can now do an assignment. I can now transition to say, well, I'm not going to be in the middle. But look, I'm able to do this. Now you can go on to we're going to make sure someone is qualified. They have a roadmap to be able to do this. And you can go and start hitting them things. But that's down the line.

**Pam:** You kind of arguing that you were worth figuring it out for them. We're figuring it out, figuring out what we think they want or what's the best solution.

**Gavin:** You're selling it. You need to listen and let them decide. Do they want someone that's going to pay rent to them? Another option to buy for X amount of money. And that's it.

**Jim:** Well, and the other thing is these are tired landlords. And, you know, you tell them that we'll take care of the property. You don't have to pay a property manager anymore. You know, and they're looking at us taking care because they're meeting us okay, and we're building a rapport with these people. Now they're going to feel more comfortable that it's us.

**Gavin:** Yeah. And then when it doesn't work out because of the price. Now you say low isn't in a word for us because you want more money. I understand that. But loans or we might be able to help you. You know, we don't do many of these because I'm not going to lie. I look for investment properties for us. That's why we approach you. But these are our options. They're already invested in the method at this point. OK. That makes sense. And we can do this and do that and put it together for you. And you can start that process, but you're going in full. You're going in full sales mode and you're trying to hit every benefit and it's just blow in the mind and the like. No, they don't even know why. They're saying no because the confusion and it's just like I just want to run it this way, too. And that's what's happening now. So that's what I want you to do. I want to focus on doing that and see if we can get some transition going now.

**Jim:** That's a biggie that. No, I don't. We're having success with the yellow letters, you know. So I want to keep doing that right now.



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**Gavin:** That's good. The phone ringing. You still going in. And listen, if you have a tired landlord that doesn't want to rent anymore there he offers it can start with a cash in sandwich lease option because you be in the position of going to take away his worries. He doesn't have to deal with a tenant. Your dealing with them. But if he says, I want money and I don't care if I do this and that, then yes, three offers. Yes, it's probably assignment. Yes. It's going to go on full. You're going to treat things differently on the situation. You have to go into this as a sandwich lease option. You have to go in with the mindset of we're investors and will look in to rent properties with the option to buy. OK. And you know you're not living in them, right? You can't live in every investment property. It wouldn't be an investment property, right? Right. It'd be a personal residence. You're not saying that and you're not lying. You're not holding information back. But you're releasing information as it makes sense.

**Jim:** Well, what would you say to them if they say, well, why don't you just buy. Why don't you just buy it?

**Gavin:** I can, Mr. Seller. No problem. We buy it. We buy properties all the time for cash. But there are going to be in a discount. And after our conversation, I don't want to insult you. You're not going to want my cash offer, there we are. End of that. End of that one.

**Jim:** It's the only way we can do this.

**Gavin:** An increase in cash? Absolutely. Why did you buy it? Well, I can't discount. No problem. Well, you're not going to want to accept that.

**Jim:** If we do it that way, you don't have to pay a realtor commissions.

**Gavin:** Absolutely. Yeah, we can do that if that makes sense. And you want to get this done faster. Absolutely. We can look at that. No problem. But you would already know this ahead from this situation. So obviously, if I thought there was motivation that I wouldn't I would approach it different. I already know that I'm going to go in with a cash offer. If they're like, all we need, we've got double mortgage. I just got to get out of this thing fast as possible that I'm going to be saying, well, what are you on the mortgage? If we could get you for what you owe. Would that be OK? Would you accept that or not? Oh, I need 10000 more than that? What do you owe? Ninety. OK. You'll take a hundred. And then what's the property worth? Now start doing it backwards so you can interact differently depending on obviously what they're saying. If I know that he's proud of



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these properties, he's put money in, he's not just gonna take a lowball. So when he says I want to just buy it, I will buy it, but not at the price that you're going to want. Again, it's just honesty. OK, well, that makes sense. Awesome. All right. Does that make sense? Yes. Try it. Let's try it.

**Jim:** It's great. Yeah. It's just a little tweak. That's all it is. Well, it's a big tweak.

**Gavin:** So. Well, I appreciate you got it on. And guys, if you are watching this, give us a like throw us a comment. Subscribe to the channel and we will be bringing more videos. Guys, thank you so much.

**Pam:** Thanks Gavin, and we appreciate you always.

**Gavin:** No worries. And we'll be back soon. All right.