



# REAL ESTATE INVESTING MASTERY

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## Creative Financing Lab- Free Coaching Call with Joe McCall & Matt Theriault, Part 2

Hosted by: Joe McCall

Guest: Matt Theriault

Hey, everybody, welcome. This is the Real Estate Investing Mastery podcast. Hope you're doing well. Hey, guys, I just wanted to record a quick little introduction to these next two podcasts. I'm going to be releasing for you all the coaching call that we recently did. I did with Matt Theriault. And we did this call for a little promotion we were running. By the time you're listening to this, I think it would be last week we were doing this little promotion. Matt and I created a course together called Creative Financing Lab. It was a case study as a program was really good, great results, lots of testimonials and people making money, doing deals. And even it was fun during the case study itself. We gave people their money back. If they just went through the program and made five offers, I think is what we did. And it was just a lot of fun.

Why do we do that? Well, just we know that when you take action and you start implementing what you're learning instead of being a professional student. Right. Let's start implementing what we're learning. You're going to start doing deals and some of you guys will bring us deals to partner with you on. So that's kind of why we did it. So anyway, I'm just going to release to you a coaching call that we did was about two hours long. We answered a lot of really good questions. And you're going to hear us talking about things like giving you websites for things to buy the program. By the time you're listening to this, though, it'll probably be expired. So I apologize. Just skip that part if you want. But I also wanted to encourage you to subscribe to my YouTube channel.

And Matt's. You can find me on YouTube at Joe McCall and you can find Matt at Epic Real Estate. I think so. Just go to YouTube, do a search for Joe McCall and then do a search for Matt Theriault or Epic Real Estate, and you'll find his his channel to subscribe to our YouTube channels. We have a lot of good stuff on there. I release videos about two or three times a week. I appreciate your subscribing and giving me a thumbs up and getting notified when new videos are released. That would be super, super helpful. But I'm glad you are listening here to this podcast. I really do appreciate you guys. I'm excited about 2021. Are you?



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It's going to be a great year. And regardless of what's going on in politics, and regardless of if your side won or lost, we still have hope. I believe in God and I believe that things are going to be OK, things are going to work out. And for business, you know, I'm always optimistic about business. I think this is a great time. This is a great the greatest country in the world for entrepreneurs and small business owners, for people who are doing real estate as an investment business. This is a great time and it will be a great time. 2021 is going to be an awesome year. Just focus on the basic fundamental things, focus on marketing, focus on making offers, focus on talking to sellers, focus on follow up those simple, basic things. If you're good at that, you'll crush 2021. All right. So enjoy these two coaching calls and we'll see you later.

Good guys, I'm going to keep on going here with questions, Matt did tell me earlier in advance that he had to get off so cool. Good question here from Maryann, when the balloon payment comes due, how do you fund that? We talked about that a little bit before, but private investors, number one and number two, go ahead and list, six months before its due, list the property on MLS and sell it. Offer the seller, ask the seller, negotiate with the seller a discounted payoff. Hey, if I pay you off a year early, would you be interested in that? If you'd like some more money now so you can negotiate a discount, you can get a private money lender in there to pay that off, or you just give the house back to the seller if you can't pay it off at the end of the loan. That's why the balloon is there. If you can't pay it off, you can give it back to the seller. OK, a lot of questions about tools from Lipsey.

Lipsy as a question here. It was an agent investor from Miami. They've done some flips, some value, buy and hold value, add, buy and hold. All of the deals were bought from wholesalers. I want to find my own deals, preferably for owner financing. My bump in the road are all of the tools. There's REI. You have REI facts, black book, REI simple. Prop stream. Where do I start? Good question. Let me just put in a plug for my CRM because it is the best CRM in the world. I white labeled a version of freedom soft. It's called REI Simple. It's amazing. I've seen and been through and used all of the different screens. In my opinion, it's best REI simple. I was able to because I've customized it and I've added in all my contracts and marketing pieces and stuff in it. And so Rob Swanson at Freedom Soft is just done an amazing job updating it. He's constantly adding new features. And it's the only tool that I've found that it's a phone based CRM.



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What I mean by that is like leads come in and you can do all your communications with the seller from inside the lead, which is incredibly valuable. So you can do your marketing and make your offers and handle the leads all the way from. And you can do skip tracing and marketing and texting all from inside of it. And it does your follow up automated. So I would start with a good CRM. That's what I would start with. Number one, a good CRM like REI Simple or there's other good ones out there. REI Black book is really good. Also, REI Black Book is fantastic. So you can start with that most good CRM out there. Come with a way to get lists. So first start with getting lists from your CRM like very simple, you can get good lists from them. But if you want more detailed lists like more granular, try something like PropStreamJoe.com. PropstreamJoe.com. Because then you can dive into like properties with Lean's and text defaults and high equity, low equity, free and clear owners that own property here, high equity that live outside of that county, things like that.

I've been using prop stream to buy vacant land leads to send marketing to sell. Right. Some people are asking, hey, Joe, if we are already a student of your Simple Lease options stuff, do we get a discount? I'm sorry, we don't because Matt and I are doing this together and we're already discounting it so much. I mean, it's crazy. Two ninety-seven for digital only. Three ninety-seven for physical and digital. So we're not, I'm not giving any discounts. OK, Laura, lease options are not possible in Texas. So how can this be handled in Texas? Right. First of all, Laura, you can do lease option assignments in Texas, lease option assignments. My good friend John Jackson has been doing them for 12, 15 years in Texas. Lease option assignments.

But you can't do sandwich lease option. So you can do land contracts, contract for deeds, owner financing. Texas is a great market. Just use different paperwork, call it something different, call it subject to contract for deed land contracts, whatever you want. You can use the contracts that we have in creative financing lab to do those deals in Texas. If a tenant buyer does not pay, then who is responsible to pay? Crystal, if you're doing a sandwich lease option where you're staying in the middle, if the buyer doesn't pay, then you pay the same with if you were doing if you're buying with owner financing and putting a tenant in there and renting it out, you would pay the rent. I mean, you'd pay the financing payments if the tenant didn't pay. So just make sure No. One, you have good reserves so you can cover those things. Number two start the eviction process the day the rent is late.



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Once the tenant is late, send them a letter. Preliminary eviction notice. If you don't pay the rent in the next seven days, I'm going to contact my attorney and we're going to start the eviction process. Right? Give them seven days. If they don't pay, you contact the attorney. The attorney sends a letter. You've got seven days. Fourteen days. If we don't pay, we're going to start the eviction process. That letter comes from the law offices of Dewey Cheatham and How. My whole point is you got to be proactive. That tenant buyer or that tenant has to learn that the rent is the first thing that they have to pay every month. I don't care about the rent eviction. I know we're going to get it. Five hundred questions about that. You can still evict tenants if they break the lease. You can't evict them if they lose their job because of the pandemic, the covid stuff. But all that stuff is expiring soon anyway. Even if it gets extended, there's assistance and all that.

Plus most of the homes that we teach you to be in, the tenants are not going to be in that kind of a situation. So I could spend a half hour talking about that. But the idea is, especially when this is all over, you have to be very, very proactive with your managing your tenants and all that. Then you need to have reserves, so if it happens, you have the money to follow. And if you're super concerned about it, you can put in your contract with the seller. If the tenant doesn't pay rent, I'm not going to pay the payment. There's nothing wrong with putting that in the contract. In fact, one of the things that you can negotiate with the seller is if they're stuck on if they want this price and you want this price, you can tell them, all right, let's do this. I'll give you your price or we'll meet in the middle. If you allow me to not make a payment. If the tenant doesn't make a payment.

If the house is vacant, I will only make one month's payment until it gets rented again. And so if it takes me three months to fix it up and get another new tenant in there, I'll pay the next payment. But you will sell the seller. We'll make the next two or three payments so you can negotiate that with the seller. That's a great thing about these terms deals. You can negotiate price or terms. I'll get you the price you want if you give me the terms that I want, like maybe no payments for six months, no payments for a year. Payments of two hundred dollars a month for the first six months. Five hundred dollars a month for the next six months and then a thousand dollars a month for the next. I had a I had a student in Alabama do a lease option with the seller and it was a handyman special, needed a lot of work and said, I will do this at your price. You let me keep one hundred percent of the rent for the first two years and then the next three years we'll split the rent 50 50.



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So she's getting nine hundred dollars a month cash flow for the first two years. And then after that she's getting four hundred and fifty dollars a month cash flow for the next three years. And the tenant buyer she put into the house is fixing it all up themselves. So win-win, I mean, the seller's getting the price that he wants. And the student, Marty, is getting the terms that she wants on the front end to the rent. Does that make sense? OK, good question from Jeff. What are the pros and cons of lease options as opposed to keeping the property as a rental? Jeff, if you want to be out of the property in a couple, three years, four or five years, then you should do a sandwich lease option, put a buyer in it.

OK, but if you're looking for long term buy and hold wealth, long term wealth, building strategies, put regular tenants in there. Here's advantage. The advantage of doing that, if the market rents, let's say, are fifteen hundred, you should advertise it for fourteen hundred a month, which means then you're going to get a ton of applications. Then if you're just renting it for the long haul, you want to take the tenant that has the best credit history, the best employment, the best job history, the best the income, the best debt to income ratio, the best credit score, the least amount of problems, because then you can be more picky. The rent is super competitive. You're going to get a lot of applications. And when you get somebody with a credit, with a better credit profile, they're just going to be a much better tenant. For the most part. That makes sense.

So listen to that interview I did with Michael Jake on my podcast, Real Estate Investing Mastery podcast. We talk a lot about that. What do you think about using crowdfunding to attract investors when the blup. OK, what do you think about crowdfunding? Mary Jane. That's a good question. I've never done that. I don't think Matt has either. We need money for deals. We just use private lenders. There's a whole really good module in there about using private money. So you should look into that. I don't think you need crowdfunding. I really don't know if you just had one private investor with a couple of hundred one hundred grand, they'll probably have more. And that might be all that you need for your deals.

Peter is asking a question. Have I ever been a student of a particular guru? And my answer is no. I've never bought. I might have bought something from that guy. I'm like seven bucks or something, but I've never had I've never bought his high end program. When doing lease options, from Carmen. How are you looking for your price to offer the buyer? The buyer? When I am advertising my property to sell, I always want to be competitive. So if it's worth



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one fifty today and I'm selling it to a buyer in two years, I might set the price at one fifty five one sixty. Right, because I want them to have some incentive when they get ready to buy the house in two years where there is some equity in there and they can buy it, then they want to buy it because there's some equity. Right. So I don't try to, I don't bump it up way high. I keep it very close to what it's worth today.

And so you just figure that in when you're making your offer to the seller, you don't figure that you're going to sell this property for one seventy in three years. You figure you're going to sell this property for one fifty-five in two or three years and that's going to lower than the price you can negotiate with the seller and all that. Good question from Rob. I think my target deals are subject to and sell via owner financing. If you want to buy subject to and sell the owner financing, what would you recommend for Target Marketing? To my group, to this group of pretty houses based on the marketing you taught in the training. Good question, Rob. You're selling on a rap. You buy a house subject to and you sell it on a wrap where you wrap the new mortgage around the original mortgage.

A lot of my friends in Texas do that. So how do I find those? You want to look for motivation. So there's certain things that will tell you if there's some motivation, right. Pre foreclosure list, Leanne's list of the there's Lean's on the property. Unpaid utility bills been on the market over 60, 90 days. Sometimes what I used to do, I don't do this anymore, but I used to go through lists, providers and find properties I had that were bought in the last three to five years with little equity with FHA or VA financing, because then I knew people moved on average of every three to five years. Now, that's longer. That's like seven to ten. I think is the average when people move.

But I knew at the time, like they would be moving soon, they don't have much equity and I would send them letters and they were targeted in the specific zip codes that I wanted. That's what I might recommend. That's why I like direct mail, because direct mail, you can target specific neighborhoods and type of owners that you are looking for. The cost you a little bit more money, but it's well worth it. West is asking when you are looking at properties on Redfin for comp's and the property is two thousand square feet with an unfinished basement. When I'm calculating repairs, do I figure in the basement for my repair estimates if you're going to finish the basement? Yes, you should.



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And REI simple as a really good rehab estimator where it'll say what is the pre rehab square footage and what is the post rehab square footage? And you can have two thousand four two twenty seven hundred square feet for post rehab after rehab. And it'll give you a really good rehab estimate for finishing the basement. Titus's asking, is there a proper is there a software that can help me look what all my buyers are paying for side by side and see who is paying the most? Hold on one second. OK, so is there a software to see what buyers are paying for? What I recommend is get a list in Excel and either find somebody who's good at excel or learn how to do it yourself. And I would just play with it in Excel. Now there's things in Excel Spreadsheet World's called pivot tables.

And what I would do is I would go in and I'd find somebody on fiver and say and do a search for the word spreadsheet or pivot tables like pivot like you pivot pivot tables. And there's pretty ninja stuff you can do with pivot tables. So you can look at by zip code and by buyer what they're paying on average. Look at all the properties through that. So that's what I would say. Question from Hosie How do you approach reverse mortgage leads? Joseph, I just have to be honest, I don't know enough about reverse mortgages to give you any advice on that. I've tried to do deals before, make offers on reverse mortgages, and it just got so confusing. I, I said, sorry, I can't help you. And I passed on the deal. I'm sure there is a good way to do it. I don't know enough about it. And I remember in this one particular deal I was working, there was a bunch of family. This is for an elderly couple, there's a bunch of family involved and it was almost becoming like a probate deal. And I just said, I'm sorry, I can't help you. All right.

So I don't know. Oh, good question from Gregory. What would your first offer be if you came if you came across a vacant or rundown house where they owe more than it's worth other than a short sale? If I found a house that was owed more than it's worth, I don't know. I would I would probably find out somebody in my market who does short sales. I know you don't want short sales, but I would find somebody in the market that does short sales now would bring the deal to them. And I would say, hey, I want to buy this house, but I don't want to pay. I'll only pay this. If you can negotiate this deal for me, I will buy it and pay you five thousand dollars. And I would find somebody that could do the short sale negotiating for me and I, I wouldn't do any kind of creative short sales were there behind on payments, pre foreclosures. You've got to make a cash offer on those. So that's the only creative thing I would do.



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When do we choose seventy percent of the current, as is market value is the offer price versus using eighty five percent for the same option offer price? Darwin general rule of thumb, I want to make it a cash offer. It's 70 percent of ARV minus repairs, minus wholesale fee. And I'm doing a lease option. It's eighty five percent of ARV minus repairs or sometimes I call it eighty five percent of the as is value. So I kind of do seventy percent for cash. Eighty five percent for lease options, but an expense. And when it comes to seller financing, it's just about cash flow. So it's just about terms. Question from Crystal. This is the deposit made by the tenant buyer have to be paid by me in a sandwich lease option at the end. Does it get credited to them? So when a tenant buyer in a lease option makes an option deposit, it gets credited back to them as when they buy the house.

And it usually reduces the price of the home, depending on the lender that they're working with, they can get it to apply to their down payment. But you can't guarantee that. Usually it's just a credit on paper. You have to show the bank a copy of the check that they made two years ago for ten thousand dollars. Most of the time that can get applied towards a down payment if they're working with a good banker mortgage broker. But I don't promise that. I don't guarantee it just really depends on several things that are outside of my control. But it's just it's just a credit on the HUD statements of credit, just like if you were to pay five thousand dollars earnest money deposit, you write that in a check, goes to an escrow company, they hold on to it. You don't have to write another five thousand dollars check when you get ready to buy the house in thirty days. Right. You do. They just they just look at that proof that you've made that payment thirty days ago.

It's the same way for a lease option deposit. OK, good question from Derica here, I'm so overwhelmed, I mean, so much info, how do I begin with all of this? I'm a newbie with no experience. I have very little capital. I'm coachable, but I'm not knowledgeable. Very long question from Derica. And this is common, guys. When you're first getting started and you get a course like creative financing, I mean, like, what do I do with it? I'm so overwhelmed, you know, here's what I recommend. If you're getting started, you want to focus on the real simple stuff like marketing, talking to sellers and making offers. OK, forget about everything else. Forget about raising private money. Forget on closing the deals and finding the buyers. You know, all you need. You just need to worry about getting the marketing out there so you can start talking to sellers and making offers. T.



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His really this business comes down to those three things: marketing. We're not in the real estate investing business. We're in the marketing business. Understand, learn marketing to get the phone to ring or outbound marketing to ring their phone, learn how to talk to sellers. We have some of the best training, I think, ever out there in creative financing lab, especially for Matt, because Matt so good at it on how to talk to sellers, to learn how to talk to somebody, learn sales skills, super important. And also one of the things we talked about in the class, there's a really good YouTube video that I did with my friend Claude Diamond on. We did a cold call. It was a live cold call where we talked to someone.

And just listen to that call. It's about five minutes long. And Claude asked a good twenty something questions, and it was such a good call. You got to learn how to talk to sellers. You got to learn how to talk to sellers. So marketing, get them getting leads, sales focus on sales and how to talk to sellers. And then third, focus on how to make offers. Then this is just focusing on one thing at a time. Don't think about the what ifs. Think about the what next? What next. So when you get a seller that says yes, what do you do then? Well, No. One, you can get a coach or cannot afford a coach, or even if you have one, go find another investor in your market that has already done these kinds of deals and bring the deal to them and say, hey, will you partner with me on this? So and I've done this a lot. When I'm doing deals in another market, I'll find somebody else who's already has the buyers, already has the title companies, has all the connections and the lawyers and paperwork.

And I'll say, hey, I got a deal in your market, Houston, and will you partner with me on this and I'll split the deal fifty fifty with them. So what I recommend is learn the basics of marketing, talking to sellers and making offers. And don't worry about anything else, just focus on those basic things. I wrote a book called Being Brilliant at the Basics. You've got to be really good at the basics and that's simple. OK, then find somebody else that you can bring the deal to them in your market that already, if it's a cash deal or lease option, you'll find other investors that are already doing what you want to do and say, hey, can we partner on this? Split the deal. Fifty fifty. Julianne. Awesome. Has a property under contract I think. And she's saying, is there a way for me to email the details to you or discuss it?

So if you have a deal, you want us to look at Julian? I just don't have the time on this call. But if you're in one of the future coaching calls of Matt and I do at the very beginning of the call, submit the details of that deal and we can look at it sometimes. I partner with



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students on deals, but they have to be a student who has my course and they have to get it under contract first. Alan, the answer to your question is yes. And if you have any if by the way, guys, if I don't use some of your asking really good questions about what you get with creative financing lab, even if I'm not answering those questions, please send an email to support a judgment call that come support at Gilma call Dotcom. And we will my team will answer that question for you. It makes sense. Does I still have a lot more questions here? In fact, I might pull up my chair and sit down in a minute.

Would you put South Dakota into your search fields on Zillow and see what shows up? Would you still recommend me to try and find for sale or for rent deals in South Dakota versus another state? Good question. Darren and I will do that for you because I think that's important. So this is a question from Darwin. And I'm going to share my screen because I think this will be really good for all of you all to see. All right. So this is, again, creative financing lab dotcom slash twenty twenty one. You get all this good stuff and this is going to be gone Sunday night. All right, let's look at this. Look at Zillow. All right. I'm going to pull up South Dakota. South Dakota. Right. It's a nice, beautiful, small state. Let's look at for sale and let's look at do sold. And then I just want to do it for sale by owner and I want houses. We turn off land and I want no lot size limitations. Zero. There's zero for sale by owner, is that right. For sale by owner houses. Let's make sure I don't have any other filters in here.

All right. Let's look at rentals. There's maybe this is right. Maybe someone else can search for me. But there's no fizbo. Let's look at rentals is doing this. Sixty rental properties. Sixty houses for rent. Rapid City in Sioux Falls. What do I do? This is so it's such a good question. But let's look real here. Let's go to for sale by owner. There's none. Right. So what do you do? Let's. Say there's one hundred and you've already marketed to all of them. What do you do, this button right here? Oh, let me go back closer a little bit. I accidentally zoomed out there. South Dakota, no fizbo. I'm going to click right here, remove boundary. There's still none. Something tells me something's wrong with my search here. Zillow just made this change here. All right.

I was on agent listings. I'm due even though I'm doing a search that you've got to be aware of this. Even though I'm going by owner right here. I hope you can see this. You still have to go and you click search. You still have to you have to go here. All right. So there's one hundred there's zero agent listings on one hundred and twenty seven other listings. All



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right. And so, I mean, I can market to all of them in one day. I need more than that. What do I do? OK, click remove boundary. Now there's eight hundred and thirty three. All right. So you market to all of them and that takes you maybe two weeks to go through. Well, here's a little minus button on the map. Click on that minus button. Zoom out now you have six thousand and eight. So one day, one week just go to SD South Dakota. You have hundred twenty-seven. All right. Next day, next week, go to and North Dakota, they got hundred and thirty-one. Cool.

Next week, go to MN. Now you've got two hundred and sixty five the next week go to IA Iowa. Now you have six hundred and sixty five. The next week go to an NE I think is Nebraska. I always get mixed up or NA. Nebraska and you got two hundred seventy three and then. Well now what do you do. Go back to SD South Dakota and you just keep on rotating through those two or three or four or five states. Right. And then also don't forget the Ferenz. I love four rents and I like the nice. Your house is right. Let's do a thousand a month plus three plus bedrooms, houses only. Oh my gosh. I was only thirty-seven. What do I do?

I'll remove boundary. There's five hundred and twenty eight. Let me zoom out now. There's five thousand three hundred seventy six three plus bedrooms rents over a thousand a month. House is only ok and again you can do the same thing maybe one week. Go after Iowa. There's two hundred and twelve the next week go after Minnesota. Five hundred and forty-five. So these are the links. This is the criteria that you're going to give that scraping company I recommend in the course. And they're going to go through and scrape all of this every week and give you that data and you can send the marketing. You're going to go click on one of these properties, Grand Rapids, Minnesota. It's listed by the property. And you're going to send a text right now to this owner, Lynn and say, hey, I saw this nice house on Clover Lane in Grand Rapids. You wouldn't have any interest in maybe selling it, would you?

And this is where you can do this all in REI simple. And you can also skip trace the owner, find out who the owner is and send them a postcard or a letter with a few clicks. So that's what you do, start in your backyard in South Dakota and then zoom out. But if you're insistent on adamant on staying in South Dakota, then you're going to need to look at direct mail. You're going to need to look at your Google paper click or Facebook marketing, things like that. Why the baseball caps? Thank you, Dana. It's because we're both almost



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bald. I'm mat's more bald than I am. Nobody's complaining except my assistant Dana about my baseball caps. But she did that so long ago, she's probably not even on here anymore.

OK, so we got half another hour, another half hour to go. And I've been kind of going from the top to bottom. I'm going now from the bottom up and we're not going to get through all the questions. It's crazy here, but if you want more of your questions answered, then get the thing. Get the creative financing lab, because we're going to do six more of these calls. And Matt, he's insane, literally. I'm not kidding. I've seen him do this a couple of times. He'll be on the call for three or four hours, making sure all the questions are answered. OK, Maryanne's asking about a class. I've said a couple of times that I would do a land investing class. I'm still thinking about it. The problem is this. There's already so many other good courses out there on land investing like Jack Bosz has got a great course on land investing. Mark Podolsky, Seth Williams from our tipster. So I'm not planning on creating a course to compete with theirs.

But I will say this. I might come out with a course on just how to buy land. This session is recorded. It's in YouTube right now. So you can go into YouTube and watch this. For someone that is totally new to all these concepts and terms, will your ten training modules be what they need to become proficient? Yes, good question, RC We don't hold anything back in these modules, OK? And if we do, we'll give you your money back there with our very thorough. It's not like we sell you on something else that you have to get to get the complete picture. Thank you, Nick, for the kind words. Do I blame my baldness on real estate investing? Come on, Jeremy.

It's funny. I heard somebody else say the other day I used to have a forehead. Now I have a ten head. Dun dun. I heard a joke the other day. You want a dad joke? What's the difference between a camera and a sock? What's the difference between a camera and a sock? With a camera, you take pho-toes. With a sock, you put in five toes. Cringe worthy. I heard that from a guy on Instagram who is hilarious. Kevin on stage. I'm too afraid to look at the comments. I'm not even going to look. What webcam am I using? It looks so it's called it Sony, a sixty-four hundred with a lien on it that's like this long I don't understand, a friend helped me set it up.

What do you do if the bank calls a loan subject to do on sale? What do you do if the bank calls do a subject to deal? Steve. Number one, it's unlikely for it to happen if you're making



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your payments on time. But if they do well, then you need to be in a position that you can go ahead and get some financing on the house, number one. Or be in a position where you can get some private money on the house, at least temporarily. Or number three. Go ahead and give it back to the bank. Let them take it back. I mean, not much you can do about it, but again, it's rare for banks to do that. If they do that, you just have to be prepared for it. OK, well, how bad is asking how is this course different than your other courses?

This course is different because you have Matt teaching half of it and Matt's teaching really good content on owner financing, subject to getting private money. I teach mainly lease options and cash deals. He's teaching a lot of the other creative deals and Matt just has a very different way of presenting how to how to sell the concepts to sellers and how to talk to sellers, and that when a seller agrees to the deal and you get a buyer, how do you do the payment structure so that when the buyer pays rent and eventually the balloon, then the seller gets their money and you also get your profit from the deal. Do we get an escrow company to escrow and distribute the money, Phillip?

Well, that's a good question, but you're going to stay involved throughout the whole process anyway. So when you when you stay involved in the deal, you're going to make sure that you get paid. Does that make sense? And yes, you always use the title company in an escrow company to handle all the money. It's a good question. So once you make an offer, how do you pay for the deal? Does the buyer pay for it? Or do I say if it's a cash deal, I'm either paying it with hard money, lending private money or my own money, or I'm signing and selling my contract to the end buyer. If it's an owner financed, that's a for a cash deal. If it's an owner financing a lease option deal, I'm not using any of my own money to buy it. I'm borrowing the money either by taking over the mortgage or doing a lease option, getting a new seller financing on the property.

Question from Susan, do you have any good suggestions on how to use marketing if you work a full-time job? Susan does in-home day care, so she's not able to answer the phone at any moment throughout the day. What do you do? Great question, Susan. So all of my marketing, especially my direct mail I put on there, please call our twenty four hour recorded hotline. Twenty-four, our recorded voice mail hotline, if you'd like more information. So that phone number, when you say that, call our twenty-four, our recorded voice mail hotline number one, you'll get more calls because of that. They know if they call,



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nobody's going to answer the phone. So you'll get more calls, number one. And number two, when they leave the voicemail, you can listen to it, prescreen them out and then call them back when it's convenient for you. The problem is going to be a lot of people just don't answer their phones right now these days, if it's coming from an unrecognized number, if you use REI simple to call the seller's back, they will see that it's there. You're calling them back from the same number that they called you on. And you can also text them.

OK, so if Mary calls you and leaves a voicemail, you can text her back. Hey, Mary, I got your voicemail. I'll call you back in a little bit and then you can text me again. I'm going to call you in a few minutes. Then you call Mary. And if you leave a voicemail, you leave a voicemail and then you text her again. Hey, I just called you and left you a voicemail. Call me back when you can when you can talk about your house. So that's why I like using REI simple for your marketing, because you can get virtual phone numbers from area simple and you can communicate with sellers like that. What amount should I budget for postage when I'm starting? So if you're going to be doing direct mail, Laura, I'd recommend you start with at least a minimal budget of five hundred dollars a month for your direct mail at a bare minimum and you should be committed to do it for at least three to six months, find a very targeted niche list and mail them really consistently every one to two months. Mail them again and again and again.

And if you have that small of a budget, I'd really recommend, if you can, Laura, to answer the phones when they call, even if you put on their twenty-four hour recorded voice mail. OK, I have a friend who did this and he swears by it. He still answers the phone. And he told me no one ever complained. They were just surprised to get somebody to answer the call. And you call back everybody, even if they don't leave a voicemail, if they hang up, you still call them back anyway, when you're buying dial subject to or seller financing, where does the money come from? So if you have to make the seller, if you're making a five thousand dollars down payment, where does the money come from? Good question, Sunny. And we talked about that in the course. You need private money and it's not that hard to get. You get private money.

And basically, if I have a deal where I'm buying it subject to and there's three hundred dollars a month cash flow and there's not much equity and I need ten thousand dollars from a private investor to either get the loan current or some down payment or some kind



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of cash incentive offer to the seller. I don't have ten thousand dollars. I'm going to get it from a private investor. Now you may be wondering, well the private investor, they're going to be like, I'm not I don't have much I don't have much protection in this deal because there's a big first position mortgage and I'm going to be in second position. Why? What's in it for me? Really, really simple. And I learned this from Matt. You. Tell that private investor, listen, you put it in the note, if I default and I don't pay you your interest payments, you can just take over this deal for me.

Now, if you default and you don't make your hundred dollars a month payment back to the seller, which you get from the rent, that that investor who lent you ten thousand dollars on this deal will just take over the deal. They'll be getting two hundred dollars a month on their ten-thousand-dollar investment. Two hundred dollars a month. Twenty-four hundred dollars a year. That is a twenty four percent return on their money. Is that right? Yeah, which is really, really good. So you just got to make sure the deal is good enough. If the deal is good enough, finding the money is easy. You got to tell yourself that in the head. You got to get that in here. If you have a good deal, finding the money is easy. OK, good question from Tyrone. I'm interested in buying an eight-to-12-unit apartment building. What about the tenants not paying because of Covid? I can't evict them until the pandemic is over.

So, Tyrone, you got to figure that out because every you'll find from the rent rolls whether the current tenants are paying. If they haven't been paying the last six to 12 months or whatever, they're probably not going to be paying. But if they have been paying the last few months, they're probably going to continue paying. They've got a good job. So you just need to find that out from the owner of the property that's selling it. And don't don't forget, like if they break the lease for any other reason except nonpayment because of covid job losses, pandemic related stuff, you can still evict them if they are causing too much noise or they get in, they start dealing drugs or they have too many people living in the house. If they break any of the other aspects of the lease, you can still evict them. And you know, who knows what's going to happen at this rent or this eviction moratorium cannot last forever. But if you're still really concerned about it, then don't buy the apartment. You wait until this eviction moratorium is done.

OK, good question from Thomas. How do you exit a sandwich lease option? Do you need transactional funding to close A to B in the B to C, or do you just do a simple assignment or



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do you sell your actual interest at closing? OK, Thomas, good question. And the answer is there's a lot of different ways you can do it. It just depends. You need to make sure you find a good real estate, investor friendly title company or attorney that can help you with it. So what I would do is I would find a title company, I'd bring the deal to them. And I say, listen, this is what I want to do. I need your help. I'll pay you for your time and your counsel and your advice and all that. But I have a deal here where I'm buying it on a lease option and I'm selling it on a lease option. What's the best way to do this?

Bring the deal to the title company that you know works with investors. They understand you want to find the title companies that are helping other people do wholesale deals and subject news and things like that and say, what do you recommend? So there's a couple of things. Number one, you could take it over subject to six months in advance because sometimes they're seasoning. You have to be seasoned on the title for six months. So do is subject to six months prior and then just sell it to them. Or you can record your if you could do an assignment, get paid as an assignment at the end, you could record a lead on the property for if your profits are going to be 30 grand, you can record a mortgage on the property for 30 grand. And then you just put the buyer and the seller and they close together. You get paid afterwards.

I've had a title company before do this where they call it a revocation of option. They put on the hood a revocation of option. So the option was recorded in the county. I got paid to remove the option which cleared the title for them to close together. Or you may need to get private money into the deal so that you buy it and turn around and sell it. It just really depends. And don't just ask one title company, ask several different ones. What do you recommend? How do we do it? OK, guys, just 15 more minutes. I'm losing my voice, so I'm going to go through some more here. Do I still do rent credits with your lease options when you sell it to a buyer? Yes or no? Sometimes I don't. If I do them, I only do a small one hundred bucks, two hundred bucks a month and I call them seller concessions that reduce the price of the home or go towards their closing costs so they don't go towards their down payments. Some people say that causes problems with Dodd-Frank and maybe it does. So if you're concerned about that, just call it something else. Call it seller concessions, go to closing costs. Do you get to pocket the option? Deposit money on a lease option deal? Jeremy asks. Yes, you do.



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Now, I don't recommend that you spend all that money. If you get a five-thousand-dollar option deposit from the buyer on a deal, I recommend you save as much of that as possible. At least half of it put it in the bank. So if there is something that happens in the future, you've got some money to cover any vacancies or expenses or things like that. Do you have to give the option, deposit money back if they buy the house? I do, but it's not like I have to pull out five thousand dollars out of my wallet and give the cash back to them. It's a credit on paper, just like if you were to put earnest money down on a house, a thousand bucks made out to the title company and then 30 days later you actually close. All you need to do is show them the proof that you made that thousand dollars thirty days earlier. And then they will credit that as part of your down payment, when you buy the house lease options, the same thing, except it's two years later.

You don't have to keep that money in a bank account and then bring out the cash to close the deal. Laura is asking you mentioned Redfin to find houses. Zillow or Trulia an option? Or is Redfin better? I like Redfin, but I also use Zillow all the time. Trulia is owned by Zillow. I don't know, I don't use Zillow or Trulia anymore, what I have found, it depends on the market you're in. But I have found that Redfin tends to have better information than Zillow in terms of more information, number one. And they and Redfin has a better relationship with the local MLS around the country. So I get better, more accurate sold data and MLS data from Redfin than I typically do with Zillow. But you just need to test it in your market and see which is better. Roger asks, doing owner financing a hundred percent virtually without ever seeing the property or meeting the seller in person. What changes, Roger?

So if you're doing deals, virtually, you need to have somebody on the ground to go look at the property for you. And that's what I recommend working with local realtors. So I start with local realtors to help me with that. That's the best way to do it. Shane's got a question. If it's in January and you sign a two-year lease with the seller, but in February, you find a buyer that signs a two year lease from you with the option to buy it. How does this work since your lease will run out a month before the tenant buyers lease is up? Well, Shane, I wouldn't sign a two-year lease with the tenant buyer. I'd only sign a one-year lease option or one-and-a-half-year lease option with that tenant buyer. But also, I probably would never do a two-year lease option agreement with the seller in the first place because it doesn't give me enough time to find a buyer to buy it after that.



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So I would only do a two year lease option with the seller if there's a lot of good equity in it. And so in two years I can either get a mortgage because there's enough equity in it, or I know that I can price it low enough that I can be easy to sell it to somebody else within two years price returns. So again, if it's a seller's if that two-year thing is more important to them, if the terms are more important to them, then the price goes down. If the price is more important to them than the terms go down. Right. Price or terms. Just think of it that way. So if they're stuck on their two years, I'll give them two years. If they give me the price that I want.

Learn to understand the differences between price and terms. That's a great thing about these creative financing deals. You can negotiate. If you're just making cash. All you negotiate is price. If you do creative financing on a financing lease, options and stuff, you can negotiate the rent, the down payment, the term, the number of years, the monthly payment, the interest rates, all of that stuff. You can negotiate four or five different things. OK, Julia, I believe, is asking a good question here. When a seller accepts my subject to offer, they keep the mortgage in their name. Yes, that's true. Is it going to be hard for him to open another mortgage with a bank if after selling the house he still has a mortgage in his name? How is he going to buy the new one? Because having two mortgages makes it more difficult. All right. So good question.

When I'm talking to a seller about doing a lease option or subject two, they need to know you need to tell them if you're planning on buying another house, you need to talk to a mortgage broker about your situation. They can get another mortgage. People do it all the time. They but they are going to have the mortgage bank. The broker is going to have to look at their debt-to-income ratio. And they're going to have to also look at because they're going to count the income that's coming in. But usually banks only count or allow like seventy five percent of the rent towards their income. So they still have to make sure they have enough to cover. They just need to be aware. Sometimes banks require six months reserves, three months reserves. So it just depends on that seller in their situation. But again, this happens all the time. Sellers do it all the time. They buy a house, they move and rent their current house because they want to upgrade to a bigger house. So it's not a big deal. It's not hard. It's not that hard for people to get a second mortgage. But you just tell the seller you need to have this discussion with a mortgage broker because it may make it more difficult for you to buy another house if that's what you plan on doing.



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Thank you for the kind words about my stupid dead joke. It's funny. Can you sell a seller financing when there are existing tenants in the property? Yes. So you would sell it to an investor? Calvin. So if you get a property that has tenants in it, let's say it's a duplex and there's two tenants in there that are paying rent, they have another year and a half left on their leases where you can buy it with seller financing from the seller. OK, and so basically you just have to make sure that cash flows and if you wanted to, you could sell that package deal to another investor to come in and take your place. Man is asking what I consider ever investing out of a country like in places like Venezuela. And I would probably say, no, I don't know enough about Venezuela. I know I'm sure houses are cheap in there, but like, I don't know anything about Venezuela. I would probably find somebody who has done it before and partner with them on some deals.

Steve is asking, can you wait to start your seller financing payment payments until you find a tenant? Definitely. Most definitely. One hundred percent. Steve, you should try to negotiate that with a seller. You could tell the seller, listen, I can get you that price or I can do five years instead of ten. But let's do it this way or I'll do that if we'll write it in the agreement that I won't start paying rent or payments to you until I find a tenant buyer or our tenant, or I'll start making my payments in six months. OK, Rick is asking, are you still doing REI simple coaching calls? I'm trying to figure that out, Rick, I. No, I really don't know. Do you know how to access how to raise private money book that Matt wrote? Chris, if you have questions about Matt's book on how to raise private money, I would send him an email. If you go to his website, Epic Real Estate, I think EpicRealEstate.com, there's a contact us button on there. Just send him an email.

Samuel, what states do you like best for doing sandwich place options? I'm in Texas and I want to start doing this strategy virtually. Well, first of all, I would say, like, you can do deals in Texas, like you can't do sandwich options, but you can do it on a financing subject to land contracts in Texas. So I always recommend starting in your own backyard, if you can, or if you really want to do lease options and do lease option assignments, you know, but like, in many ways, it is easier to do them in your own backyard. So I would recommend trying to do the other kind of creative deals in Texas, because a lot of you guys are answering questions in here for us. That's awesome. Calvin, does RV matter when you're doing creative financing? Does the after repair value matter when you're doing creative financing? Of course it does. Right. You want to know what it's worth, but it kind of doesn't, because if you have enough time, like, let's say a house is worth one hundred



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thousand dollars today, the RV is one hundred thousand a day. But the seller wants to say something ridiculous. Two hundred thousand dollars. Right.

Well, maybe I'll give the seller two hundred thousand dollars for that house if I have a balloon in 30 years, in 15 years and I keep one hundred percent of the rent for the first 10 years. Yeah, I'll give them a two hundred thousand dollars. But I'm getting now on the one hundred-thousand-dollar house. I'm getting nine hundred dollars a month in rent, cash flow, you know, so I can virtually almost give the seller any price they want if the terms are favorable. So I keep the rent one hundred percent of the rent for the first five years and I don't pay any rent if it ever goes vacant or I only pay one month's rent if it goes vacant. Yeah. So the RV does matter. Does that make sense? Thank you, Jeremy. Appreciate that. Man Jeremy Greene.

Chris is asking, have you found a replacement for truly as heat maps? No, but in my course, Chris, in my lease options, of course, I do talk about other things you can do and one of them being from list source. And I don't have the time to show this to you, but you can go to list source and download in the last six months, all of the retail transactions like in your county, how many where were most of the houses bought and sold by zip code? And you can get from that where the hot activity is that kind of replaces heat maps. I don't know why Trulia got rid of that. Option deposits are nonrefundable. Right. But they're well, they're refundable if they buy the house. I'll credit them back that money if they buy the house.

What do you pay local realtors to check out properties for you? It's all negotiable. Steve, if I'm having a realtor, help me sell the house or buy it. I'll pay them the normal commissions. I just figure it in my offer that make sense. So if I buy a property for 50 cents on the dollar, I'm going to try to sell it for seventy thousand dollars. I'm going to buy it for fifty thousand dollars. It's worth one hundred. Must sell it for seventy-five thousand dollars.

I'm going to pay that realtor a normal realtor commissions three percent. If it's too cheap then I'll pay them three thousand dollars or something. Five thousand dollars. Do you recommend adding home warranties for your tenant buyers? Yeah, if you can. It's only five hundred bucks a year or something. The recordings for this will be available tomorrow.



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I mean as soon as Zoom, Zoom is recording this and also this, this recording for this call is in YouTube and it's going to be available right. As soon as I'm done because you can just go to my YouTube channel, Joe McCall, and you could find the recording for this call. Good question from Brian. You mentioned on the last one of the last modules that when you're talking about land, that you're getting a 10 percent response rate, but only a half of one percent rate on houses. So why would we spend the time and money on direct marketing to houses? OK, so land investing is a completely different business than house investing, land investing. You're buying rural vacant lots and the middle of nowhere for 20 cents on the dollar and you're selling them for 50, 60 cents on the dollar.

Houses are much different and there's advantages and disadvantages to both. So the reason I'm doing land is because my boys, who are 17 and 15, can help me with that side of the business. And I have a good friend from church that once I get a deal under contract, he sells it and then we split the profits. So, yeah, that answers your question, but I get so much better response rate with my direct mail for land because there's so much little comfort, there's so much less competition doing land. That's why I can buy them for 20 cents on the dollar and you've got to send out a lot of mail to find the sellers that would be willing to sell to you that cheap. But with houses again, that's another good thing. With houses, they're easier to sell because there's more of a demand for houses. Land is harder to sell because there's not as much demand for land. So when I get a property under contract from a house, I can sell it a lot faster because there's a much bigger pool of buyers. Somebody is asking what is some other people were asking and answering questions about getting paid is like a wire through the bank, I forget what it's what it stands for, but it's like when your bank sends money to someone else's bank through ACH. It's like a different version of a wire.

Is there a special insurance or liability coverage that is needed for subject and or seller financing? Jason, I don't think so. But Matt is a better person to answer that question. And I would talk to your insurance company about it. I'm not an insurance expert. You just have to make sure that the insurance, the homeowner's insurance that is on the house has this is really important. You have to have the seller as additional insured and you need to have the bank as the mortgagee. So if you get new insurance, you have to be on that. You have to be named on that insurance. The seller has to be named on that insurance or your trust or whatever, and the bank has to be labeled named as mortgagee on that. So and you shouldn't have two different insurance policies. I know some guys that keep the existing



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mortgage policy that keeps the existing insurance in place and they just add themselves as additional insured. If you can do that, I guess that's fine.

But there are insurance companies that will do insurance specifically for your financing subject, and you just have to make sure that the seller is still protected, you're protected and the bank is protected most of all, yes. Joshua, California is tough. That's why I like virtual investing when it comes to sandwich lease options. If you have a lawyer or title company that can help you close those deals on the air to be at the beginning, then yeah, you could you should use a lawyer or a title company to help you. Those deals, you don't have to, though. You are going to need a title company or an attorney when you actually buy the house in one or two years or whatever. Peter, you have all of the updates. Yes, you have them all. And if you have any questions on that, Peter, please send an email to [support@JoeMcCall.com](mailto:support@JoeMcCall.com). Peter Hundley. So, yes, send an email to [support@JoeMcCall.com](mailto:support@JoeMcCall.com), if you have any questions on that. Sheeran's got a good question.

Do you recommend doing a lease option on a personal residence? The owner is interested in selling but wants to pay off one hundred and fifty five thousand dollar loan on the property, and that's worth about four hundred and fifty thousand. So this is where you're going to need probably a private investor, Sharon. If you could find if there's that much equity, depends on how much equities in the deal, but it depends on the cash flow and all of that stuff like we teach in the course, but just depends. And I'm running out of time. Stands for Automatic Clearing House. Do I know what time of day and of the week that the coaching calls will be? I do. Let me go look that up right now. So our first coach, because we have six coaching calls through, if you sign up for this thing and here are the dates and the times are three to four p.m. Central Time, January 20, February 17, March 17, April twenty one, May 19, June 16th.

And those, I believe, are on Wednesdays. So they're Wednesdays three to four, central Wednesdays three to four central starting in January, the third Wednesday of every month, three to four central four to five Eastern one to two Pacific no. Again, they're scheduled for an hour, but we always go long to answer all of the questions. We have six of them scheduled. Cool, guys. Wow. A lot of questions. I got through at least seventy five. Eighty five percent of them. And if I did not answer any of your questions, guys, or if you have something about like how to access something or I bought this before I the difference and how do I get this and that, please, please, please send an email to



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support@JoeMcCall.com, or support@JoeMcCall.com. OK, I appreciate you all. And May 2021. Yes. Susan, May 2021 be your most profitable year ever in this business again guys. Go to creative financing lab dot com forward slash twenty twenty one.

I'm going to put this link again in the zoom chat. Creative financing lab dotcom slash twenty twenty one to get lifetime access to all the recordings of the session that we did and we're taking that down Sunday night. OK, real quick question here from Deborah, because I haven't answered it. The prepay, the premade Excel spreadsheets are not usable unless trained on them or you create your own. Please discuss this issue versus using a program or accounting software. By the way, all of the software is moving to the cloud subscription-based heads-up accounting program is very important to start out. Right. Don't do ketchup. Oh, you're right, Deborah.

The spreadsheets that we give you in the course, those are totally one hundred percent editable. You can edit those. So they're all Google Drive, Google spreadsheets, OK? And so when you look at them with that link, we give you their view only you need to go to file and make a copy or file download as a spreadsheet and then you can edit them and play with them. Yes. And everything is moving to the cloud. OK, good guys. I got to go. I got to make like a tree and leave some guys. We'll see you later.