REI Secrets – Joe Answers Your Most Common Lease Option Questions – Part 2

Hosted by*: Joe McCall*

Welcome. This is the Real Estate Investing Mastery podcast.

Hey, what's going on, everybody, Joe McCall, hear what's going on. This is the combination of my real estate investing mastery podcast and a new series that I'm doing called REI Secrets. And I got a lot of cool things to share with you today. I started this new series called REI Secrets two or three months ago. And my goal was instead of doing a big coaching call, I get a bunch of people on and I answer questions, which is awesome. I have a place for that. I just thought I would get on once a week and teach some really cool things, teach some secrets that I have come across over the last few years doing a lot of deals, more than just a few years doing deals. So I created the series called REI Secrets and a couple of things I want to talk to you about. But the main thing here is, oh, by the way, on this episode, too, I'm going to continue what I did last week and I'm going to be answering a lot more common lease option questions.

I get a lot of questions. People are asking me about how do particular's about lease options. And so if you miss the last episode, just go to my YouTube channel, go to my podcast, go to my Facebook page and just do a search for REI Secrets and you'll see the last one that I did. I want to tell you about something first here, real quick announcement. I am doing a workshop starting next week as I'm recording this as this is live right now on YouTube and Facebook. I'm doing a new workshop called Virtual Profits Workshop, and I'm doing it with a good friend of mine named Gavin Timms. And so if you go to Virtual Profits Workshop, VirtualProfitsWorkshop.com. OK, cool. OK, you see this if you want to do more deals, virtually, this is free, brand new free workshop that I'm doing with my coaching business partner, Gavin Timms. So we start on Monday, September six. This is a five day workshop we're doing every morning at 10:00 a.m. Eastern. We're going to be going live and teaching you all about how to do deals, virtually how to do deals in your backyard virtually, and how to do deals in small towns and anywhere you want. Right. And so we start it's absolutely 100 percent free. All you gotta do is sign up here. We're starting September six. Reserve your spot. It's going to be all done in a private Facebook group, Google, and the group is only going to be up for like seven days. We're going live Monday morning, September six, 10:00 am Eastern. We're going to be teaching a different topic every morning and we're going to do some cool things, give away prizes. We're going to give you a workbook where you can fill things out as we go along. And this thing is free. Now, we're going to be making you an offer at the end for a coaching program we have. But regardless of whether you qualify for that or not or whether you're interested or not, the value that we're going to give for you for free on this workshop is going to be worth more than maybe what you've spent hundreds or thousands of dollars on different courses for.

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OK, so if you're interested in doing deals quickly, virtually, especially in small towns, it's I think there's that's where the biggest opportunity is right now. And it's been in small towns for at least the last few years because it's gotten harder and harder to find deals in the big towns. Then you want to be part of this. Let me just say this. Gavin and I have done a lot of deals. We're still doing deals today and we've never done I can't say that never in the last five or six years, we have never done a deal where it's been, where I have done just one hundred percent of it or Gavin has just done one hundred percent of the deal. We always partner with other people, somebody on the marketing side, somebody on the buying, selling side acquisitions, dispositions. We've always found other people to partner with on deals. And which makes it a whole lot easier when you're talking about doing deals virtually in other small towns or big towns or in other states. You've got to find people to partner with on those deals. And so we're going to be talking about that a lot on this five day workshop. This is how you do virtual deals. So check this out. All right. And we have a bunch of testimonials in there, but it's completely free. Like I said, again, go to VirtualProfitsWorkshop.com. Cool. All right.

I think you're going to enjoy it. Oh, it's free. Did I say it's free? And if you're not happy with it, then you get your money back. And if you can't make it everyday life, that's totally fine because it's going to be in a Facebook group and you get access to the to those videos in the Facebook group for at least that week when the week is done on a Sunday or Monday night, we're going to take we're going to close the group up and everything like that. All right.

So those of you watching right now on Facebook, what's up, Facebook user? Good morning to you two from Houston. Desmond, how do you make six figures with tax liens? Good question, but I'm not going to answer that question on this because I'm going to be answering questions about lease options and what's up? Well, how are you and Stanley? Greetings. Cool. So those of you a lot of you watching this on YouTube right now, I hope hope it's working there and on Facebook, please comment down below and say hi, tell me that you're here and let me know you're here. I appreciate it. OK, now what I'm going to do is I'm going to start going through the questions. Last time I did this, I answered this question, what contracts are needed to close a deal? Answered this question, What motivation does a seller need to have to wait five years to get their money on a lease option? What about brokering without a license? The whole licensing issues? I talked a lot about that. And how do you close the lease option deals on the A, B, the B to C, the. How does it work at the end? The answer to that question. OK, so these are all questions that were submitted to me on the last five day workshop that I did about a month ago. And that was all about just lease options.

OK, we're getting new comments here that new new people on. Caroline, how are you doing? Glad you're here, Brian. I'm sorry, Jerry. Hey, Jerry. My man Brian Care. Good morning to you, too, Loni. That's a cool name. Good morning to you, Beverly from Chicago. Go, White Sox. Not really, but they're better than the Cubs. Chris from Columbus, Ohio, Rick Gentry, what's going on? Glad you're here. And Valerie Green from

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YouTube. So good. We got some YouTube folks here. Glad you guys are here. All right. Now, let's go to the questions, Joe. Stop wasting time. Now, this is a question that was submitted to me.

I have a question about finding sellerss. I know that war zones are not good markets. What criteria usually makes for a good area to market? OK, good question. I still do deals in war zones, but I do cash wholesaling deals. So I'm not saying ignore those areas, but those are areas typically you want to do more of a cash offer, traditional wholesaling offers in the quote unquote war zones. Now for lease option deals, I like doing lease option deals in the medium priced areas, the blue collar, working class, bread and butter neighborhoods. So it's different in every market, but typically in the U.S., like in St. Louis, in the Midwest, I'm looking for houses that are worth maybe between one hundred to four hundred thousand dollars. OK, I want to avoid the low end under one hundred thousand for lease option deals. And I want to typically avoid the homes above four or five hundred thousand. Now, it's not a hard and fast limit. I'll still do a deal kind of on the margins out there, but I'm not looking for them. And if I do find a deal out in the cheaper or higher ends right now, my strategy is going to be a little different. Like if it's under a hundred grand, I might instead of doing a lease option offer, I might make it owner financing off. Those are typically properties that you're going to just rent as a long term buy and hold cash flow.

OK, now let me say this to why. Because the pool of buyers are so much smaller, the pool of buyers that are looking to buy a home, retail buyers, I mean, owner occupant, retail buyers on the low end sub, one hundred thousand. There's not as many of them. And there's also not as many of these buyers that are looking to buy five hundred thousand dollars. And up in the Midwest, typically those are more jumbo loans or harder loans to get. They need more money down, better credit scores and all of that. The banks look at them as more risky. Both both sides up and down. Right. So I like to look where there's this thing I like. I heard once, you can only sell homes people want to buy. You can only sell homes people want to buy. And I see some people get in trouble doing lease options on really cheap homes because, you know, think about it, that 10 a buyer, they're living there and it's been a couple of years, they get their credit fixed. Do you think they're going to want to actually live in that neighborhood? They can now buy a house. They can get a mortgage. Probably not. They're probably going to they're not going to want to buy that fifty thousand dollar house. They're going to probably want to move into a better area where there's better appreciation, better school districts and all that. So the chances of somebody buying that house, getting a mortgage and actually buying that house in, that's in the lower end price range there. It's just not very good. Those are better areas for just long term buy and hold rentals or maybe owner financing. Things like that makes sense. So the criteria just depends.

What I typically like to do is just Google. Let's say you're in Marion County. Is that Indiana? Indianapolis. All right. So I would just go to the Googles and do a search for Marion County median home price and you'll find stuff that comes up usually from Zillow. And you want to be typically don't get technical here. Don't freak out. You typically want to go out a couple standard deviations right now. I don't even know how to do that. But let's say in the St. Louis, Missouri, the median home price is two fifty. So that's why I like to go to

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maybe one hundred to five hundred thousand. It makes sense. Just a general rule of thumb. It's not an exact hard core science. Also, when it comes to the rents, I want to make sure I'm looking for homes that are rented that rent out for maybe nine hundred to two thousand dollars a month once you get below that or much higher than that. Again, the tenants that are looking good, tenants that want to buy a house and have a good, realistic chance of getting a mortgage in one or two years, that's where they are. That's what they're looking for. Just makes your job a whole lot easier when you find homes in that. So that's my criteria. It's real simple. It's not zip codes. It's not drawing an area on a map. It's just price. And when I'm looking at Zillow for properties, I'm looking for properties in those price ranges. Makes sense. All right.

Got some more people here, Daryn, from Chicago. Al's asking a good question here. How do you find the small towns like you mentioned? You know what? Maybe I'll show you guys. One of the things that I like to do for that, Caroline, is ask and say that again. Huh? So the good thing now, Caroline, is that if you're watching this on Facebook is you can rewind my videos a little bit. I don't know what you're wanting me to repeat. And there's Mary in California. OK, cool. How do you find those small towns? Let me show you something that I think would be actually pretty helpful to you guys, because I just think it will be so. There is a website I like to go to and I'm going to give it to you here in just a second. I'm going to share my screen. It's called WorlPopulationReview.com/State. So you ready? OK, here we go again. World Population Review and get these little pop ups and these annoying ads you just got to delete. So let's say you're in Arkansas, OK? And the cool thing about this gives you a bunch of information, and I'm zoomed really in big here so you can see it. But oh, my gosh, these ads.

All right, you just got to live through Arkansas population. I'm scrolling down here, the ranks, all I'm looking for. I don't care about the politics, politics, and I'm not going to go into all of that stuff because I'll fire you guys up and you'll get mad at me. All right. So these are the counties you see Arkansas County population growth rate by county. That's cool. These are the counties that are growing the fastest. That's interesting. But what I really like is this one right here. OK, let me zoom out a little bit now. This is these are all the counties not I'm not sure Little Rock is either here or Fayetteville. All right. But any state you're in, these red ones are the most populous counties. In fact, let's do this let's let's open up Google Maps. Look at this question. A, how do you find those small counties? Right, Arkansas. OK, so there's Little Rock and there's Fayetteville, Rogers, Springdale. OK, so Little Rock is right there, right? So that's in the center. But this is where, you know, if you're in Fayetteville or Little Rock, this is where pretty much all the competition is. Right. But what about these other counties surrounding here? OK. And I like going out to these areas like this county here, maybe this county here. How about this one? What county is that? That's Craighead County. It has you see up there in the upper right. One hundred and thirteen thousand people, population growth, 17 percent. How much competition do you think is in that market right there? Maybe there's a university there or something. Let's look. That's Jonesboro. All right. Jonesboro. I don't know what's out there, but guess what? There's a lot of people there. And believe it or not, in fact, let's look, Craighead County.

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So I'm going to go to PropstreamJoe.com Guys, you have a subscription right on Propstream. Let's see how much investor activity happened there in the last six months. How many properties are investors actually buying out there? And somebody who's investing there right now is going to be mad that I'm letting out their secrets. Craighead County, Arkansas, there's almost fifty five thousand properties. Let's go here to filter. Let's go to owner occupied. No, that means investors. Right. Let's do property types. Let's just look at single families and two to four families. All right. And there's ninety three hundred of them there. Now, let's look at ownership info and years of ownership, Max. One year. All right. So there's been four hundred and thirty six transactions in that county from investors. So in the last year, investors have bought four hundred and thirty six different properties there. That's pretty good. There's not as much as maybe a little rock.

But but here's my point. There is very little competition. And how easy would it be to download this list of all four hundred and thirty six of these investors remove the duplicates. There's probably three hundred different investors that have purchased properties in Craighead County, Arkansas. And how hard would it be to go in and find out what they're looking for? What did they buy this property here? It's owned by somebody in Florida, Orion Homes. It's a nice looking house. They bought this thing. OK, tell me this is a good deal. This this sounds like a really good deal, right? It rents for about nine hundred ninety three dollars, rents for nine hundred to a thousand dollars a month. Right. Let's see if we can find out what it's sold for. MLS details. I know this is it. Sold for eighty nine thousand. Maybe this is I'm just looking here. It's really hard for you to see. I know. So it sold just like three weeks ago for eighty nine thousand dollars. This is correct.

OK, guess what? Those are really good numbers. And I'm just guessing by the look of the outside of the house, it needs updating of the on the landscaping and stuff like that. But this house may not need a ton of work, maybe ten grand into it. And there's probably really good member of the population of this county is growing by seventeen percent. Maybe there's some good job growth there. I'm just curious to anybody here watching this right now, comment if you know anything about this county. But what I'm guessing is these are these are some good rental properties where investors from Florida are looking for some cash flow and they're looking at this area and thinking, man, I can buy some really good properties here. Here's a house that they bought for forty nine thousand dollars and it rents for about six hundred and eighty dollars. This is a great little house. Look at this thing. My California friends watching this right now. Right. Would you think that this would be a good deal? Yeah, that's a cute little house. Solid bones. Right. And they bought it for forty nine thousand and. Yeah. And it probably rents for Prospero's saying six hundred eighty bucks. All right.

So there's very little competition for these deals. Now you're wondering, OK, well that might be a good town to target. Like who do I target in these areas? Well, what I like to do first thing I like to do is I want to send I want to do cold calls and direct mail. So I'm going to look for absentee owners who own single families and two to four families. And I'm going to go to ownership info. I want to make sure they've owned

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it for at least ten years. There you go. There's thirty five hundred absentee owners who have owned their properties over ten years. You can also go into if you're going to cold, call them. Well, let's just look at equity here. I'm a kind of depends on the county estimated equity. I want at least 50 percent equity boom. Here you go. You're thirty three. Properties in that county that have their absentee owners, they they've it for over ten years and they have at least 50 percent equity in it. What if we also did? Because if I wanted to skip tracing, I wanted to make sure they were individual owners and not LLC. Oh, my gosh. This is money.

This is money here, guys. Here is twenty one hundred properties in that little county. How many other investors do you think are cold calling, doing direct mail to these people in this area? Not as many as you would think. Very few. There is some competition there. But when you compare it to Nashville, to Denver, to Los Angeles, to New York City, I mean, it's like nothing. All right. So that's what I'm looking for. I love this website, World Population Review, dot com slash states. And you can just look at these other counties. What's another good county? What about Garland County? What's what's in Garland County? Harlan County, Arkansas. What's Hot Springs. Nice Lake. Hot Springs, Arkansas. All right. So this is where you're looking at, OK, everybody is here doing all this marketing here. What about these other counties that are seeing some growth? What about Polk County? This is a good county, Sebastian County, right here. OK, is that helpful to some of you? And we'll look at your comments here.

Is there a heading on that map you were showing? I don't think so now. Yes, that's helpful. Nice. James, which search engine are you on? I was using Google a little bit, but I was using Prop Stream to find my data. Facebook user says, yes, that's been helpful. And somebody here says, I'm going to translate that to yes, that is helpful. OK, all right. Let's go to the next question. Oh, this is good. I live in North Carolina. I'm hearing that sandwich lease options are illegal. How do I get past that? This is a common question. It's not unique to North Carolina. We see this all the time. People think lease options are illegal in Texas. People think wholesaling is illegal. In Illinois, there is no state in the United States. Let me just focus this on lease options. There is no state in the union where lease options are illegal. There's none. There's just certain laws that say this is how you have to do lease options. In Texas, for example, you can't do a sandwich lease option longer than six months. All right. So fine. Do owner finance or a land contract or contract for deed or something. Right. There's other ways you can do those deals in Texas. And by the way, you can do lease option assignments all day long. Five hundred of them a day if you wanted in Texas. I have a good friend, John Jackson. He's been doing lease options at lease option assignments or wholesaling lease options for years and years in Texas. Now in North Carolina, have you actually read the law? Whoever asked this question, have you read the law or whoever told you that lease options are illegal? Have they read the law, the specific statute that says it's illegal? Because I have read it and it doesn't say it's illegal.

It just says if you do them, you have to do these things. And in my lease options course, I have in there a section that covers this specifically, and it's just a one or two page thing that describes what you have to do. And there are certain language and things that you have to put into your contracts at a certain font size and all that. And there's certain things that you have to disclose. Well, guess what? Those are all things that

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I do anyway. Those are the that's actually a good law in North Carolina of what you have to do. Right. So if you get an attorney or somebody that says, listen, you can't do lease options are legal here, OK? Don't argue with them. They're the professionals. But just ask them to show you where it says it's illegal and always get a second opinion. And I've said this often. I get lawyers that tell me it's illegal to buy properties at 60, 70 cents on the dollar. I've had the lawyers tell me that really there's a law that says I can't buy properties at a discount like that. Well, no, not really. But it must be a scam because no seller would ever want to sell you their house at a huge, significant discount like that. It sounds fishy. Sounds too good to be true. It must be true. That crap, it makes me so mad and I get annoyed with it. So just because somebody is not heard of it before or it's different doesn't mean it's illegal. Right. I'm trying to buy a vacant lot near my house right now. And the realtor I'm working with, God bless them, is like you because I wanted to make an offer for owner financing. And he said, no, we can't do that well. And I said, well, how about a contract for deed or you don't have to deed me over the property. Just keep the deed, just give me a contract for the deed is like, well, we've never done that before. That must be illegal. Oh, my God. I'm just trying to keep my cool. Just because you have never done it before must mean obviously. I mean, any simpleton would know then it must be illegal.

I said, well no, no, listen, listen, I can get an attorney that can help write the contracts. I have a title company that can do it all and he's like, oh OK. Because I didn't freak out and yell at him. Right. He's like slowly opening him up. And so part of me is like, you know what, forget it. But then he called me a day ago and it just saying, hey, I'm just wondering, how's it going? You still want to make that contract for deed offer? Because this is a property that nobody's going to want to buy. It's on a steep slope. Nobody is going to build this thing. And I just want to buy it so nobody actually does build on it. And maybe adding one and a half acres might increase the value of my property. I don't know. Does it make sense? Are you picking up what I'm laying down? Are you smelling what I'm stepping in?

Appreciation would be a good thing to know maybe. What do you think owe the appreciation in the county? Yeah, I don't care as much about that jury as. Do about cash flow and really all I care about, if I'm wholesaling deals, I just want to know, are there other investors buying properties there? And if there are, I'm going to go find out what they want and I'm going go get it for Shalini. Can you search Illinois? In the world, population looks like there's negative population growth across the board. So this is not a good state. I don't know, Shalini. I mean, I know the investors that are doing a lot of deals right now in Springfield, Illinois. They would love for you to think that it's not a good state and for you to leave and go do deals somewhere else again. I was talking to you about wholesaling is illegal. You can still do wholesaling in Illinois. You just got to do it the right way. You got to either get your license and or close on the deal, buy it, then turn around and sell it. What is the name of that population website again? Write this down, guys. Are you're on YouTube, Facebook, rewind. Move the little play bar backwards. WorldPopulationReview.com. Oh, good. Somebody put it there in the Facebook comments. If you appreciate this info, please back out of the chat and hit the like button. Come on. All nighter. There you go. Thank you. I love that name to all Nightrider, whatever that means. Probably dirty, but maybe not if you

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guys like this stuff. Yeah. If you're on Facebook, YouTube, subscribe to my channel. Give me a thumbs up and I'd really appreciate it. Makes me do what makes me want to do more of these things. All right.

Next question. So the option agreement, is it recorded at the county? That's the lease adoption agreement. The single document. Right. OK, cool. Let me explain because I answered this before, but like there are several my contract with the seller is a one document contract that has the lease of the option together. The documents that I signed with the tenant buyer is a separate lease and a separate option agreement. That's the way I like to do it. OK, my agreement with the seller. Yes, yes, yes. You definitely want to record that in the county records. You want to cloud the title. You might also want to file. You get a title company to help you with this, but a memorandum of option, maybe a limited power of attorney if you can do that. There's also something called the some people call it the affidavit of interest. You might want to do something like that. Yeah. So you want to cloud the title, OK, but you do not let the tenant buyer file anything to cloud the title. My agreement with the tenant buyer says you cannot do it. And if you do, you're in big trouble and it will revoke and cancel the option agreement. You can't buy the House if you do it now. Why would that matter? Because what happens if that tenant buyer doesn't buy the house and then moves away and they're mad at you and but now they've filed some memorandum in the records. Right. And they want they're not going to remove it.

Well, that's a problem. So that's why it's important to have that in the agreement with the tenant buyer. You cannot do it. So what do you do? Well, one thing you could do is you can have your assistant or you could every month, every couple of months, go look in the county records to see if anything has been filed against the property. That's one thing you could do. So, yes, you want the option recorded with the contract between you and the seller and just ask a title company to help you with that. Now, by the way, these questions are not in order. These are questions I got. I'm going to try to answer as many as I can today, but I'm probably going to do this in three or four parts. What is the response rate for texting for rent by owner? OK, so one of my favorite forms of marketing is texting landlords and fishbowls, sending the messages if it's on Facebook Messenger through Facebook marketplace or if it's on Zillow or go Section eight. I'm look, I love rental properties.

Why? Because they're vacant and they're nice. They don't need a ton of work. And I'm messaging the owners, the property managers, the leasing agents, the realtors, the owners, and saying, hey, listen, I like your rental property there. You wouldn't have any interest in selling it, would you? Or if it's a for sale by owner, I might ask them, hey, you wouldn't have any interest in maybe leasing it for a year or two and then selling it. Would you? Or if I could get you that price that you want? Because most of the time physicians are asking a little too much, would you be willing to rent it or lease it first? OK, so when I'm sending text messages, what's my typical response rate? It depends. I can tell you this has gotten harder the last six to 12 months because more and more properties that are on Zillow have phone numbers that are come from automated machines. So if you text them, they'll respond back. Hey, what's your name? This is hot pads or whatever. So what do you do? You keep on sending a bunch of text and then you pick up the phone, you

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call the sellers, or you might send a letter to the owner of Freedom. So that makes it really easy to click find owner and then you can get the name and the address of the owner. You can send them a letter, you can skip, trace them and call them. So I'll say this. If you send about one hundred texts a day, you should be getting two to three, maybe four or five. So let's just say three positive responses that say, yeah, I might be interested in selling it or tell me more. OK, it's not a very great response rate.

But here's the thing. In my course, I teach you how to use different services that we recommend to scrape a lot of properties all at once. But we're doing more than just texting, right? We're emailing. We're sending a letter. We're sending a voicemail individual one at a time, voicemails, emails. And did I say letters? We're going to do that. So texting should not be the only thing that you do, OK? Yeah. And so if you send one hundred texts, maybe you get. Three to five people that respond back, yeah, might be interested or tell me more. How does that work? And it used to be I would get 15 to 20 that would say, yeah, I'd be interested in selling. But right now the market has changed and it's also gotten harder to reach people through them to those texts. Getting some good comments here all night. Or Heider said the name started dirty back in high school, but I've cleaned since cleaned up my act. That's funny. Mike in L.A., what's going on? And Doug, thanks for the thumbs up. Todd with more, hey, Todd, what's going on?

I'm looking at a property in St. Louis, zip code six three one, two, one. Is that a decent area? Well, let's look at that in a minute here, because that's a good question. Real quick, though, Caz is asking, what contracts do I need altogether? What does the seller sign versus the tenant? Great question. Cars or. But I answered that on the last one. So go back to my YouTube channel, subscribe to my channel, go look at my video that I released last week where I answered that question.

How do you target landlords with two to three properties who no longer want to be landlords? I love direct mail. I love cold calling, texting a little bit, but direct mail and cold calling are my favorites. OK. So good question here from Todd Whitmore. My man is looking at a property in St. Louis. Six three, one, two, one. Is that a decent area? Let me show you what I like to look at. And there's a few things here. Median home price a share my screen. Here we go. Let me remove the banner. So one thing I like to do is the Google. Just Google median home price six three, one, two, one, and usually get a Zillow link like this. And you might want to even know where is six three, one, two, one. So let's go to Google Maps to search for six three one, two, one groups. Usually Google Maps will do a Google map out the zip code there and let's zoom out, OK? Oh, there's also I don't know if Trulia still does this. Does Trulia still do crime maps? I know they got into kind of a little trouble doing that recently. All right.

Let me just come on to do. They used to and I don't know if they still do. There are different places where you can do it, where you can look. I don't know. I don't think they do it anymore. They might have. Let me just see your St. Louis County, Missouri. Well, that showed up somewhere and maybe I'll look at that later. But there are services out there like you can do a Google search for crime, heat map, Trulia. It's truly in neighborhoods, St. Louis, Missouri. They might have gotten rid of it because, again, it was kind of really

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similar to redlining, which isn't good. Yeah. So it's not I don't think it's working anymore. But if you Google crime heat maps, usually cities will have it. And it's kind of based on your neighborhood scout crime. Let's look at six three, one, two, one. It's not that bad of an area. Let me just say that it's a great rental neighborhood. I don't know how you can, like, remove some play with that neighborhood. Scout Dotcom is one good site that you might want to look at, but you want to compare your zip code with other zip because I'm trying to see if there's a way you can remove the boundary. I don't see that. I don't know if these are these colors are good or bad. So one of the things that I like to do here is to see. All right, well, what are the types what types of properties are listed for sale here? OK, this is the median home value of St. Louis Metro. Let's just look at Zillow here and let's go to six three, one, two, one. I like to see well, what are the rental properties here? And these are good rents. These are the kind of properties you see here. This is actually a really good area. OK, I like to look at where homes are for sale and Crume.

Oh, here we go. Let's just look at three plus bedrooms. Let's look at two bedrooms because there's some nice two bedrooms here. You can this is priced are sorted low to high. So you get the cheaper properties here that obviously need work. But if you sort this buy low to high or high, too low, I mean, you find two hundred fifty thousand dollar house, two hundred and forty two twenty five one eighty three on forty nine point seventy five. It kind of depends on where you are if this is a good area or not. But I do know this one thing you can do before I answer my opinion on that, let's go here six three, one, two, one. And I'm in prop stream. Joe, let's look at absentee owner. No ownership info, maximum one year. So how many absentee owners have bought a home in the last year in that zip code? Two hundred and sixty six. That's really good.

And you can start you can download this list, see what it is that they bought price ranges that they bought them in. Who were they, where were they like a lot of you'll find a lot of out-of-state investors are buying in here. So I mean, if you were to look at all the zip codes in St. Louis County and find out which ones are the best zip codes to be active in, where investors, most of them are buying, you're going to see six three, one, two, one is going to be near the top of that list. It's got a good combination of appreciation and rents. OK, I hope that answer the question. No. One, just Google it. Do a search for median home price zip code and you'll find, oh, here we go. Here's the Zillow link. I was looking for sixty four thousand again, that tells me good rental neighborhood. You can see it's got some decent appreciation in here. That's just Zillow. Trulia has different searches, even though they're owned by the same company. Trulia will tell you a little things a little differently. You can look to see what properties are for sale there for rent there. Do you see a good you see a good number of homes for rent. Now, Chrome is giving me a hard time. Google Chrome is giving me a hard time with Zillow. It doesn't update all the time there, but go check out NeighborhoodScout.com. How can I. St. Louis County, Missouri. Here we go. What's going on? Your front and back is like one of the wealthiest parts of Missouri. I don't know why that's coming up. OK, well, let's move on. Look at your. It's here real quick, so Ray is saying that there's crime stats on USA, Dotcom used to be city data dotcom. All right, so check that out.

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Todd is saying I found the property on Craigslist, FSB. I'm not sure what that is. Frustrated landlord. Yeah, well, here's the thing. You're going to find frustrated landlords in any zip code, and it's off market. Well, Todd Voxer mean we'll take a look at that property if you want. But like you want to go into prop stream and go into Redfin and find out, OK, what what have properties, similar properties sold for in the last six to 12 months? And it's easy to find comps in that neighborhood. The Raven is asking, hey, I know you're doing a live training workshop, by the way, we sold out that workshop. I'm doing a couple of three weeks, sold it out. No more tickets. What about coming to California? I'd love to come to California, L.A., Mike, but maybe sometime down the road I was there and speaking at a real estate club. When was that? Oh, that was online. And Zoome. I was there about a year or two ago.

OK, so let me go to the other questions that were asked. This is the next one right here. Can you get a general overview on how to record the lease options with the county? Yeah, you get a title company to help you, OK? And once the title company helps you do it once to see what they do and then you can do the same thing yourself. But here's the thing. Just hire someone to do it for you. Just get it done right.

What's the difference between lease options subject to and seller financing? Good question of the main difference is subject to or seller financing. You're taking the deed to the property or you're doing a contract for deed, but you own the property and control you take. The title stays in the seller's sorry, the mortgage stays in the seller's name. All right. In a subject too. But you take title to the property and seller financing. The seller becomes the bank, they become the mortgage broker and you become the mortgagee. I think I got that right. And you take title to the property with lease options. It's like the in my opinion, it's the I think it's the easiest one to do and it's the one that has the least risk. In my opinion. People are going to disagree. But that's why the with a lease option, you control it, but you don't own it. You don't take the title. The seller stays on title. The seller's mortgage stays in the seller's name. The seller still is responsible for the mortgage on a lease option. I have an agreement to lease the property from the owner and then the option to buy it in the future at some predetermined price in a predetermined amount of time. And I also have the right to sublease it out and sell it to somebody else during that time. So I control it, but I don't own it in the subject two's and seller financing. You own it and control it. I might do. I used to do a lot of subject to seller financing. I just like lease options better because I feel like if the deal goes bad, it's easy. They're easier for me to get out of. And I just found that they were easier to explain to a seller. I got tired of trying to explain to deed the property over to me in the mortgage stays in their name.

Somebody asked me one time, Joe, do you really think now I'm not knocking subject to because there's a place for it. In fact, in a couple of weeks I'm going to be doing a promotion with Veena Jones. Cox is one of the nation's experts on subject news. We're going to be doing a Saturday class together, teaching you how to do subjects, choose the right way. And it's going to be ridiculously cheap. We're going to do it for one ninety seven or two ninety seven. It's going to be an all day Saturday class now four to six hours. And she's going to teach how to do subjects. You get all of her contracts and paperwork. She's been doing subjects for twenty plus years, for a long time. She's very, very concerned with the law and doing it legally and

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ethically. It's going to be really, really good to stay tuned for that. Make sure you're on my email list, because we're going to be doing this promotion in a week or two. And again, it's going to be one hundred bucks, two hundred three hundred bucks or something for this class. But I just found it was I just thought less options were better.

OK, let's go to the next one. If I'm only legally registered to do business in one state, do I need to register to do business in another state, in the other states? I'm doing it now. I'm not a lawyer. I don't even pretend to be one. Sometimes I feel like I'm smarter than lawyers, but I'm probably not. And so I'm not giving you legal advice. So talk to an attorney. My unprofessional opinion is you only really need to register an LLC in one state. OK, it's not a big deal. I know some people that do LLC in every different state that they're in, they sometimes will do LLC s for every different deal that they're in. But just talk to somebody about that. It costs money to do that. And I've always just I'm not worried about it. I don't know what else to say to that.

And by the way, do you need an LLC to do deals? No, you don't. Some people think that they have to get an LLC before they even start marketing, before they even start talking to sellers and making offers. I would say start right now, marketing and talking to sellers and making offers. Go ahead and make the offer in your name. It's not a big deal and some people would argue with me on that. But while you're doing that, go ahead and work on getting an LLC.

In fact, if you guys are interested in getting more information on getting an LLC, I would encourage you. I partner with these guys called Prime Corporate Services. JoeMcCall.com/LLC. We put that in here. These guys are prime corporate services. We'll hook you up and you get a consultation with them if you go there and they will help you set up your. Is your tax structures to make sure you pay less in taxes, they'll help you get business lines of credit. So just the money they're going to save you in creating the LLC, setting up your entity, using the money that you'll save in taxes, doing it the right way. And then if you get any business lines of credit if you want, but then you can schedule free consultation with them and they will get on the phone and chat with you to see about your current situation, where you're at. What are your goals? I really recommend these guys, JoeMcCall.com/LLC. And if you go there, you'll be taking to a website that looks like this and you can schedule an appointment. Let me zoom in a little bit of prime business assessment set up. Real estate investors will show you how to protect yourself and your assets and how to build business funding and how to take advantage of two hundred and fifty unique tax deductions. To keep more of your hard earned money, schedule your appointment. Here's a little video of me talking about it. They're going to help you with tax savings, business funding, asset protection. So they'll help you create an LLC. And these guys are prime corporate services. I get tons and tons of testimonials from them, from there, from my students that are using them. I kind of reluctantly agreed to promote because I do get a little commissions, not much, but I couldn't believe the testimonials, the feedback I was getting from my students about them. And so I thought, all right, let's this is good. OK, so go check out JoeMcCall.com/LLC.

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Let's go to the next question here. Kind of already answered this. Can you give us some guidance on choosing a market? What is a good market? Basic criteria to find the best leads. How do you pick a good market? One of the sometimes with what you do is you really need to kind of like pick four or five of them. Right. And I would start with, do you know anybody in Bentonville, Arkansas? Do you know anybody in Des Moines, Iowa? Do you know anybody in Oklahoma City, Oklahoma? Have you been there before? Have you lived there before? Right. Because then these are people that you could maybe reach out to to help you if you need boots on the ground or you already have some familiarity with that. So I would pick four or five different markets. And then what I would do is I would compare. All right, which markets are going to be good? What markets have more investor activity? Which of these three or four markets have better appreciation, have more potential leads that I could target market to? So it becomes kind of a comparison choosing comparing this one, comparing that one. I did a video I want to show you guys open on my YouTube channel and find this video for you. You go to Joe McCalls channel subscribe, give me a thumbs up like my videos, OK? And I'm going to do a search for if I can find it, cash buyers. OK, so let me share my screen again here. Here we go. Hide that. If you go to the YouTube's and you do a search, just go to my channel. Just Google YouTube. Joe Macall, find my channel right and do a search right here for cash buyers right there. I have some videos here that you should check out.

The first one is really good to do this a couple of years ago. Don't let that freak you out because it's really good. And I think these two are the same. Yeah, maybe not the same length. Forty eight minutes and forty one seconds, but different names. I don't know. Check it out. That's a good one there. This is a this is the one. Yeah. This one's really good. Some of these links are outdated but a good one. All this is a really good one. Right. Here are some tips for finding buyers and what I do into these videos. Those those two those two or three videos should be the best ones.

What I do in those videos, I show you how to go to this source. This is free. You create a free account, you log into your free account and you can see what are the best zip codes in a certain county. You go here to investor absentee owners. What was that one county we were looking at Garland County. That wasn't the county. It was Craighead County. Right. So you just go here real quick. Let me show you, because this is pretty cool. Arkansas, Craighead County. Seventy five hundred absentee owners. Now, I'm not buying the list here, but I'm doing a little bit of research here. I want single families and one to four residences. I'm to go down here to last recording date. I'm going to do last twelve months. Brings me to two hundred ninety two. But I go here to next and I'm going to say corporate owned properties, no preference. And there's now five hundred and fifty nine. I'm going to pretend like a purchasing list and I'm going to go to purchase partial list and I'm going to do custom selection, I'm going to go to zip code.

And the cool thing now is it gives me this table and this table right here are all the zip codes in that county and there's no that shows you records. And you can see in here which zip code has the most activity, seven two four one seven two four four seven two four or five. If you scroll down, it's not sorted or ranked by anything, but those are the three top zip codes. And you can export these into a little spreadsheet and you

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can play around with them. Right. And but you can look at you can do some research on these on these three or four or five zip codes where there's a lot of activity. And just dig into prop stream Joe Dotcom, dig into Zillow and see are there are investors buying in these zip codes and then turning them around and and renting them out, which I'm going to suspect that they are in. I go to seven to four one and go into Zello. Let me go to some kind of Zillo gives me a hard time on Chrome.

Let's try it again. Seven, two for one. Let's look at. Yeah, well, let's look at what are the properties that are for sale there right now. A house is only let's look at priced low to high. Ah, here we go. You got forty thousand sixty five thousand seventy five thousand. I mean, this these are little solid homes. These things probably rent Jonesboro, Arkansas. This is a nice house. Doesn't need much. And I bet you it will rent for I'm going to guess nine hundred a month. You can get the guns, some guns on the wall. That's always a nice added touch. Somewhere in here you can find approximate the rent. Maybe I missed it, but they'll tell you they estimated rent home value. Usually it's right here. Monthly costs. Well, this is why I have Propstream, it will tell you this property will rent for about six seventy seven hours off. That's still not bad. You can also go to the Zillow here and zoom take out, go to the four rents. And if Google Chrome was allowing me to do it, you could see all of the homes that are for rent in that neighborhood and you can see what it would rent for. All right. So anyway, that's kind of the method to my madness when it comes to looking at a specific zip code and looking at choosing a market makes sense.

Let's just do one more question here. Do we need a partner in every city we are looking in? Maybe that's what I do. I was doing a subject to one time in was a Texas. Somehow somewhere I got a lead from a motivated seller in Texas. I forget which city it was. And I went to Facebook groups. I found no, I didn't. I actually went to Craigslist. I did a search for owner finances. I looked for homes that were being advertised for owner finance. And I found a guy called them up. I said, hey, I'm an investor. I'm in St. Louis, Missouri. I think I just found a deal in your neck of the woods. The seller is willing to do subject to I mean, they're willing to do owner financing or something, but they have a mortgage. So I don't want to do a lease option on this house because I know it was a cheaper one. But listen, I'm I don't know the area as well as you do. Do you want to partner on the deal? I would just split it. Fifty fifty. He said, yeah, that'd be awesome. So we did it. Basically what I did is like I could spend the time and figuring out how to how the what the right title companies to use the mortgage brokers or the attorneys or the write contracts and all that.

Or I could find somebody who's already doing deals in that city like I want to do. He already had the contracts. You have the title companies, the attorneys that would help him with the paperwork he already had, the buyers that were looking for more owner financing deals there, and he knew exactly what to do. And in fact, then you became my boots on the ground guy to go look at the house and tell me if it was a good neighborhood. He he met. I told the seller, listen, I have my business partner is going to go look at the house and give you the paperwork to sign it. Let me put you in touch with him. OK, so, yeah, I partner with people all the time on deals. The other thing is, if you're doing lease options, you might not want to partner with somebody necessarily, but you should find a realtor and you can work with that realtor to help you

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find a tenant buyer for the house. So in a certain sense, it's partnering, but you're just hiring a realtor to bring you the buyer to bring you the tenant for that property. Cool. So you don't need a partner, but I recommend it. And if you're doing lease options, I recommend you at least find a realtor to help you with that.

So let's look at the comments that were in here. Al, would you recommend a newbie to go after commercial buildings now? Not unless you're partnering with somebody who has done commercial before. And I find out from them, what are you looking for? What do you want, what kind of deals? And then go after what they want and they'll partner with you on it. Jessica, if we use your freedom soft or all your documents in there for us to use. Not all of my documents, Jessica, but my main ones are. Yeah. And you can take my documents and Adam in there. So if you go to FreedomsoftJoe.com Or go to HundredsOfLeads.com, watch my webinar about freedom soft, how we use it. Or if you just want to sign up, go to FreedomsoftJoe.com. You get my customizations and things like that in there.

OK, question from QAZ Can an option consideration go towards a down payment of a home if you're doing an assignment, or is this only for sandwich lease options? If so, how does that work? Yes, if you're working with the right mortgage broker and the right title company, OK, you've got to make sure you're working with a good mortgage broker that knows how lease options work, who knows which banks to go to, which banks not to go to, the right way to present it. So but I just never promise or guarantee to the buyer that that option consideration money up front is going to be applied towards the down payment. I'd never promised that.

How do I screen my tenant buyers? I have a agency, a tenant screening company that does it for me. Can you recommend a mortgage broker company that can work with buyers on your behalf? No, because I only like to work with and I only recommend local mortgage brokers. So what? I would just start asking around to mortgage brokers who are already working. So I'll ask around, hey, do you know any mortgage brokers that working with people with challenge credits to challenge credit? And so. Then I'll talk to them and tell them what I'm doing and, yeah, what closing statement do you use to close the cellar? I'm not sure I understand if you're talking about the HUD statement. I don't know. I let the title company worry about that.

Good question. I mean, good comment here from all Nightrider get an LLC ASAP for the ten thousand dollars tax credit from corporate services has been great so far. Awesome. Yeah. JoeMcCall.com/LLC. Silicon Valley gal says to get the crime app for an area put in the zip the city name, the county name along with crime map into Google and then select the neighborhood scout result. Yes, that's probably it. So if I were to go to Google and do a search for St. Louis County crime map, I'm Googling it and I find there it is. I think this is it. Let me see before I share my screen. It's just giving me St. Louis City. So there's there's always been confusion between there's a St. Louis city county and a St. Louis County county. But there's other good sites in here from the local newspaper, the St. Louis County Police. I'm just looking in St. Louis

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County here. All right. So I don't need to share my screen. But that's a good comment. Silicon Valley gal. Thank you.

Do you see the properties in person before giving a lease offer on the home? No, I don't. Are you giving virtual offers? Yes, I am. If so, do you have boots on the ground for that? Yes, I either partner with other investors or I have realtors. Go look at the homes for me, Chris. I'm looking to make an offer on a property in a small town. Shelby, Ohio house is on three acres, but the zoning is indicating row crops. Is this an issue in your experience? Good question, Chris. I don't know. But I will say this. There's always going to be times when it's like, I don't know, especially if you're doing deals virtually like this. I don't know. It's maybe hard to get comps. It's hard to know local ordinances and laws and if it's a good area or batteries it on the wrong side of the tracks or the right side of the tracks, I don't know. So here's the thing. Sometimes you just may never know until you actually go to the property and look at it yourself. But that's going to be too hard to do. If you're in California and you're doing deals in Ohio, I don't know. Right. So sometimes you just got to get it under the best agreement that you can't go ahead and get it under contract and then try to market the property and see what your buyers tell you. If your buyers all of a sudden like you're not getting any calls, it may be not a good area. If you're getting calls in, they're saying, I know I'm not interested. It's it's in that area or it's it's back to a power line or a railroad track or the property's trashed. You're going to find out whether it's the row crops are a big deal. You may find if there's a house on it, there may be a ton of people looking to do a lease option on a property on three acres. If there is and there's row crops, it's zoned for agriculture. Does that make sense?

By the way. Every time I've done a lease option on a property with acreage more than one or two or three acres, I get tons and tons of calls on those properties. So even if it's out in the sticks in a small town, oh, my gosh, if you can advertise a property with creative financing that has acreage, you'll be overwhelmed with calls. I pretty much promise you that unless you're asking a ridiculous amount of money for Carolyn. I thought the idea was to make money on the front end and that was keeping the option. Money? No. Yeah, you keep the option money, Carolyn, but you don't you credit it back to the buyer if and when they buy the home. But it's a credit on paper. It's not like money that you have to store in a safe or in an escrow account. That money you can spend. I don't recommend you do that. I recommend you save at least half of it. But that's a credit they get at closing. So it's built into the price of the home. So does that make sense? It's built into the price.

Shalini, you never you mentioned that you never promised attentive buyers of the option. Money will be applied towards a down payment. Don't they consider that sunk money in that case? No, a couple of things. Number one, they are buying the option. They're buying the right to buy this house at a certain price and that cost money. If they want the right to buy this house and live in it and rent it for two years. And they have the they want to lock in a price, you can charge a fee for that. That's called option consideration. Now, I can't promise it will go towards the down payment, but I can't promise it'll reduce the price of the home because I built it into the price. So if it's a two hundred thousand dollar house, they

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put down ten thousand dollars as an option consideration. I'll tell them will. This gets applied towards reducing the price of the home. That's what I basically say. And so when it comes time to get their mortgage, they're going to get a mortgage for one hundred ninety thousand dollars. OK, now it's up to the mortgage broker in the bank whether that ten grand can be applied towards a down payment or not. So I hope that makes sense. I know some investors that just tell that up front this will not get applied towards the down payment. You need to start saving up for your down payment over the next two or three years. But again, talk to a mortgage broker, talk to your mortgage broker who has done lease options before and knows the right ways and the wrong ways to do it because there are mortgage brokers that don't know. And you've got to find the ones that know how to do it and know the right way to present it to the banks.

OK, this has been good. I appreciate you all very much. Thank you for the comments again. Want one more time? We. Talked about this at the beginning, if you want to go to my where did it go here? Boom, there it is. Next week, we're doing a live five day class called Virtual Prophets Workshop. It's free. It's going to be in a Facebook group, a temporary mini Facebook group that will only be up for seven days or so. But it's all one hundred percent free. They don't charge anything for it. Go to VirtualProfitsWorkshop.com. I'm doing it with my coaching business partner, Gavin. And we're going to be teaching you how to do virtual deals. Right. And a lot of the questions that came in had to do with that. How do you find the small markets? How do you find people to partner with on the deals? How do you find people to take pictures? How do you find somebody to inspect the property? What if it's a bad deal? What do you do? What do you do? Easy problems are easy to answer and solve. So we're going to talk all about it in the virtual profits workshop. It's free.

And as I'm recording this, we go live September six in the group. And even if you miss a day or if you sign up late, all of the videos will be in there for that entire week. So you can catch up later as we go. The classes will be just about 30 minutes to an hour long. So we're not going to be very, very long, but it's going to be very valuable. And I know that the the value that you're going to get out of this, probably more than what you've spent hundreds, if not thousands of dollars before in the past. All right. So go check it out. VirtualProfitsWorkshop.com.

Thank you very everybody very, very much. I appreciate you guys. Thank you all. Nightrider. You're welcome. I'll see you on the next one. And somebody here says, I've signed up, but how do I join the Facebook group? So you should have gotten an email check your email and your text because we send you a text and an email with how to get into the Facebook group. But it's in the it was on the thank you page right after you signed up. So make sure you check your email. OK, cool. Chad. Hey, man, I feel Jed, glad you're here. I've had a chat on my podcast before. All right, Jerry. You're welcome. Thank you very much. Thank you, Caroline. Well, keep the thank you for coming. I'll just keep on showing your thank you comments. You're welcome, Chris. Appreciate it.

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See you Thursday. What am I doing Thursday? Oh, my coaching call, two o'clock Central Thursday, the second on Nightrider. All right, guys, we'll see.

Everybody take care. Thanks again.

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